United States Court of Appeals

for the Second Circuit

APPENDIX

75-7165
75-7166

B

United States Court of Appeals
FOR THE SECOND CIRCUIT

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA,
Plaintiff-Appellant,

against

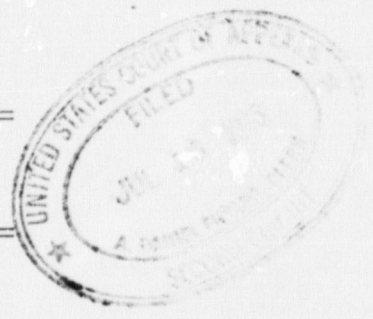
UNITED BRANDS COMPANY,
Defendant-Appellee.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA,
Plaintiff-Appellant,

against

COMPANIA AGRICOLA DE GUATEMALA,
Defendant-Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK



JOINT APPENDIX—VOLUME III
DEFENDANTS' EXHIBITS

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920A

Identification of DX1

T. ROLAND BERNER
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INTERNATIONAL RAILWAYS
OF CENTRAL AMERICA

SEP 13 1957

JERSEY CITY OFFICE

September 11, 1957

Sullivan & Cromwell, Esqs.
48 Wall Street
New York 5, New York

Re: Ripley v. IRCA and United Fruit Company

Dear Mr. Wyatt:

This refers to your letter dated September 4, 1957, inviting comment on United Fruit Company President Redmond's demand that the Board of Directors of IRCA call a special stockholders meeting to ratify "in full" or to authorize cancellation of the contracts between the two corporations. By ratification "in full", Mr. Redmond apparently means, at the contract rates for past and future shipments. Mr. Redmond notes that the Fruit Company would not vote its stock at such meeting.

We are at a loss to understand how a stockholders' meeting for such purpose could be in the interests of IRCA. The Supreme Court has decided that the contract rates are illegal and that the contracts are in force at higher, fair rates for United and Agricola shipments whether made or to be made. Since both the Fruit Company and IRCA managements have taken the position consistently and emphatically that the contracts at the rates stated therein are in the best interests of IRCA, they would only stultify themselves by suggesting to the stockholders that the same contracts but at higher rates are not in the Railroad's best interests. To ask the stockholders to give up either the contracts or the higher rates is, under the circumstances, to defraud them and to ask them to commit a fraud, actual or constructive, against the absent or dissenting stockholders. No such action could bind the other stockholders; and any corporate funds spent in connection therewith or not collected as the result thereof would be recoverable from the directors who authorized the call.

Mr. Redmond's offer not to vote the Fruit Company stock is belated acknowledgement that the Fruit Company should not be in its position of control over the

DEFENDANTS

FEB 4 1974

DX1

Railroad. Such stock should be promptly placed under such restrictions as to assure, irrevocably, that so long as the Fruit Company remains its beneficial owner, it will not be voted at any stockholders' meeting.

Nothing contained herein is intended to modify in any way the position we have taken in the above entitled litigation.

Very truly yours,

[signed: T. Roland Berner]

General Counsel
Plaintiffs and Plaintiffs-
Intervenors.

DX1

922A

[RETYPE OF DX 2]

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
15 EXCHANGE PLACE
JERSEY CITY 2, N.J.

Gerald F. Beal
Chairman of the Board

September 26, 1957

Mr. K. H. Redmond, President
United Fruit Company
80 Federal Street
Boston 10, Massachusetts

Dear Mr. Redmond:

This refers to your letter of July 22, 1957 requesting that a special meeting be called of the stockholders of International Railways of Central America.

The directors have now received the advice of counsel on this matter and, after considering your request in the light of counsel's advice, feel unable to comply with that request.

We would take this opportunity to assure you of our desire at all times to maintain a cooperative and mutually helpful business relationship with United Fruit Company and with its subsidiary, Compania Agricola de Guatemala, The interests of International Railways of Central America will best be served thereby. We would also express the hope that United Fruit Company and Compania Agricola de Guatemala will find their future relationship with International Railways of Central America entirely satisfactory.

Very sincerely yours,

s/

Gerald F. Beal
President

GFB/pr

DX 2

[RETYPE OF DX 3] 923A

The Chairman stated tnat, after study of the decision of the Referee in the Ripley case, he and other directors had consulted with counsel as to the proper course to be followed by the Board in view of criticisms in the decision of certain aspects of the participation by Mr. Mc Govern and Mr. Pollan in the affairs of IRCA. On this subject, the Chairman referred to a letter of advice from counsel dated September 23, 1957. It appeared that the participation by Mr. Mc Govern as a director was not subject to control by other directors but that the appointment of Mr. Pollan as Special Adviser was subject to revocation by the Board. There was discussion (in which Mr. Mc Govern did not participate), from which the consensus was that despite the high regard which the directors had for Mr. Pollan, and for his able past services to IRCA, it was the duty of the Board to have regard for the decision of the Referee until reversed or modified and to revoke the appointment of Mr. Pollan as Special Adviser. Thereupon, and on motion duly made, seconded and unanimously carried (Mr. Mc Govern not voting), it was

> RESOLVED, that in view of the decision and report of Honorable Ernest E. L. Hammer as Referee in the Ripley Case, dated June 27, 1957, the resolution of this Board adopted on May 16, 1957, requesting Mr. Arthur A. Pollan to continue his relationship as Special Adviser to the Board be, and hereby is, rescinded;

and further

> RESOLVED, that this Board does hereby record its deep appreciation for the conscientious services over many years of Mr. Arthur A. Pollan as Special Adviser to this Board, services which in the opinion of the Board have uniformly been rendered by Mr. Pollan in a competent and highminded manner and services which, by reason of Mr. Pollan's unique experience with, and understanding of, Central American problems and Mr. Pollan's qualities of sound judgment, have at all times been valuable to International Railways of Central America;

and further

> RESOLVED, that the Chairman of the Board be and hereby is requested to advise Mr. Pollan of this action of the Board and at the same time to inform Mr. Pollan of the reasons therefor and of the feelings of the directors as above expressed.

The Chairman then referred to the letter to him of July 22, 1957 from Mr. K. P. Redmond, President of United Fruit Company. This letter dealt with the decision of the Referee in the Ripley case and asked that a special meeting of the stockholders

DX 3

924A

of this company be called. The Chairman reminded the meeting that copies of the letter had been supplied to the directors shortly after its receipt and that the advice of counsel had been sought. The Chairman also referred to the letter to him of September 23, 1957 from counsel. There was full discussion (in which Mr. Mc Govern did not participate) after which, on motion duly made, seconded and unanimously carried, (Mr. Mc Govern not voting), it was

RESOLVED, that the Chairman of the Board be and hereby is authorized and instructed to advise Mr. K. H. Redmond that the directors feel unable to comply with the request contained in his letter of July 22, 1957 to the Chairman of the Board.

Dx 3

IRCA DECLINES IN OPERATING REVENUES

GUATEMALA DIVISION

1957 - 1962
(In Millions of Dollars)

	1957	1958	1959	1960	1961	1962	Net Change
SOURCE OF OPERATING REVENUES:							
Freight-Export Bananas[a]	.5(1.8)	.5(1.7)	.7(1.9)	1.0(2.5)	2.5	1.3	+.8(-.5)
Freight-Export Coffee	1.3	1.3	1.3	.9	.9	1.0	-.3
Freight-Other Exports	.1	.1	.1	.1	.1	.1	.0
Freight-Imports	4.8	3.1	2.5	2.2	2.3	2.5	-2.3
Freight-Local	1.1	1.1	.9	.8	.8	.8	-.3
Freight-Miscellaneous	1.5	1.3	1.3	1.6	--	--	-1.5
Passengers	1.7	1.3	1.0	.7	.6	.6	-1.1
Mail, Port Operations & Sundry	1.8	1.5	1.4	1.4	1.2	1.2	-.6
TOTAL OPERATING REVENUES[b]	12.8	10.1	9.1	8.9	8.4	7.4	-5.4
TOTAL OPERATING EXPENSES	11.3	11.1	10.8	9.8	9.6	9.3	
NET REVENUE or (LOSS) from RAILWAY OPERATIONS	1.5	(1.0)	(1.7)	(0.9)	(1.2)	(1.9)	

(a) Figure in parentheses represents actual banana revenues, reported on DX 274 (BSF Prospectus (1962)), part of which was apparently credited on IRCA's income statements (PX 1524) to "Freight Miscellaneous."

(b) Totals may not agree with sum due to rounding.

SOURCES: PX 1524
DX 274

9254

DX 4A

926A

TOTAL STORM LOSSES PER CULTIVATION ACRE, COMPANY FARMS
(Stems/Acre Lost) 1955 - 1964

Year	Tiquisate	Bananera	Honduras	Armuelles	Golfito	Bocas
1955	92.3	87.8	21.2	5.9	27.1	3.5
1956	69.7	32.8	16.6	120.5	59.7	7.2
1957	83.8	106.6	177.9	49.1	45.8	20.1
1958	161.7	54.8	89.7	118.6	79.2	82.3
1959	203.9	183.0	91.1	160.9	91.3	61.9
1960	107.7	84.6	32.9	153.5	7.9	72.7
1961	203.6	97.1	85.9	59.0	136.7	0.9
1962	154.9	96.1	74.4	120.4	69.8	75.8
1963	148.8	38.9	36.4	117.3	95.3	5.0
1964	158.5	24.9	65.3	51.0	69.6	18.0
Ave/Year	138.5	80.7	69.1	95.6	68.2	34.7

DEFENDANTS

SOURCE: Forms 2102,2585

MAR 5 - 1974
DX7b

TRANSLATION

927A

DECREE LAW NUMBER 444

ENRIQUE PERALTA AZURDIA, Head of the Government of the Republic

WHEREAS:

That it is the duty of the State to promote and protect the port activity and the transportation by land, air and sea which is carried out by enterprises of the State or by those in which it has a participation, issuing to this effect the necessary dispositions,

THEREFORE:

Using the faculties confered to them by Article 3 of the Government Fundamental Charter,

The Council of Ministers,

DECREES:

Article 1.- The State agencies and its autonomous, semi-autonomous and decentralized entities which enjoy exemption from import customs duties, as well as individuals or juridical persons who by law or contract enjoy the same benefits, are obliged to make the transportation of [illegible] exonerated merchandise into national territory, by means of the State transport enterprises.

Article 2.- Merchandise which is protected by the Development Laws in general, originating from countries whose balance of commercial trade is favorable to Guatemala, are exonerated from the dispositions of the previous article, in which case the principle of reciprocity in the treatment given in those countries to the transportation enterprises of the State shall be applicable.

Article 3.- The transport of merchandise originating from countries with which Guatemala does not have diplomatic relations, shall be effected by the transportation enterprises of the State, without prejudice to the fulfillment of the dispositions of Decree Number 305 of the President of the Republic.

Article 4.- The importation by ship of merchandise referred to in Article 1 of the present Decree, as well as the export by the same means of manufactured or semi-manufactured or simple processed products by enterprises which enjoy the benefits of the Development Laws in general; minerals or any other product of the subsoil and agricultural products subject to licenses or exportation quotas, in accordance with national laws, treaties or international agreements, shall be made exclusively by the national port Matías de Galvez or the Champerico Port, depending on the means used.

Article 5.- The Customs General Bureau is empowered to grant permits for embarkation or disembarkation at other Ports of the Republic, when special circumstances require it.

Dx16

Article 6.- The persons, entities or enterprises that use their own vehicles for their importations or exportations, and those who are ruled by current contracts with the Government of the Republic which give them the right to choose the means for importing or exporting their products or merchandise, are exonerated from the dispositions of the present Decree.

Article 7.- For the effects of the present Decree, State transportation enterprises shall mean those which are its own or in which it has a participation.

Article 8.- For the violation of any of the dispositions of the present Decree, the Ministry of Finance and Public Credit will fine those responsible with a fine no less than Q. 100.00 or more than Q. 1,000.00, according to the gravity of the case, without prejudice of the suspension of destitution of the public functionary or employee who, in its case, is responsible.

Article 9.- The Ministries of Economy and Finance and Public Credit will be in charge of the fulfillment of the present Decree.

Article 10.- Any laws, agreements and other dispositions which oppose the decree are abrogated.

Article 11.- The present Decree will go into effect on the day following its publication in the Official Newspaper.

Given at the National Palace, in the City of Guatemala, on April 12, 1966.

ENRIQUE PERALTA AZURDIA, Head of Government of the Republic, Minister of National Defense

The Viceminister of Foreign Affairs in charge of the Office, MAX KESTLER FARNES

The Viceminister of Government in charge of the Office, HUGO EMILIO MARROQUIN

The Minister of Agriculture, CARLOS HUMBERTO DE LEON

The Minister of Communications and Public Works, JOAQUIN OLIVARES M.

The Minister of Finance and Public Credit, GABRIEL ORELLANA ESTRADA

The Minister of Education, ROLANDO CHINCHILLA AGUILAR

The Minister of Economy, CARLOS ENRIQUE PERALTA MENDEZ

The Minister of Public Health and Social Assistance, ALFONSO LOPEZ ARGUETA

The Minister of Labor and Social Prevision, JORGE JOSE GALARZA VALDES

DX16

TRANSLATION

929A

DECREE LAW N[illegible]R 468

ENRIQUE PERALTA AZURDIA, Head of the Government of the Republic

WHEREAS:

The object of Decree Law No. 444 was to subject to its dispositions the international transport by sea or air of merchandise exonerated from payment of importation duties; the exportation of products or merchandise belonging to enterprises of individual or juridical persons who enjoy the benefits of the Development Laws in general, as well as the products of the subsoil and some agricultural products, for which reason it is convenient to clarify and modify said Decree in conformance with said objective, thus avoiding the different interpretations which its wording has provoked,

THEREFORE:

Using the faculty that Article 3 of the Government Fundamental Charter confers,

The Council of Ministers,

DECREES:

The following explanations and modifications to Decree Law No. 444:

Article 1.- Article 1 will be as follows:

"Article 1.- The State agencies and its autonomous, semi-autonomous and decentralized entities which enjoy exemption from import customs duties, as well as individuals or juridical persons who by law or contract enjoy the same benefits, are obliged to make their sea or air shipments of their exonerated goods into national territory, by means of the State transport enterprises."

Article 2.- Article 3 is eliminated.

Article 3.- Article 4 will be as follows:

"Article 4.- The importation by ship of goods referred to in Article 1 of the present Decree, as well as the export by the same means of products or merchandise manufactured or not, or processed, belonging to individuals or juridical persons who enjoy the benefits of the Development Laws in general; minerals or any other product of the subsoil and agricultural products, except coffee, shall be made exclusively by the national port Matías de Galvez or the Champerico port, according to the means of transport used, and its air or sea shipment from national territory to ports of destination, shall be made by means of the State transport enterprises."

Article 4.- Article 5 will be as follows:

Dx17

930A

"Article 5.- The Ministry of Finance and Public Credit is empowered to issue permits for embarkation or disembarkation by other ports of the Republic when special circumstances such as force majeure or any other similar cause, or when the location of the industries, production, extraction or processing centers, in relation to the Ports of the Republic, do so require."

Article 5.- Article 6 will be as follows:

"Article 6.- The persons, entities or enterprises who are ruled by current contracts with the Government of the Republic which give them the right to choose the means for importing or exporting their products or merchandise, are exonerated from the dispositions of the present decree."

Article 6.- The dispositions of the present decree, as well as those of Decree Law No. 444, are not applicable to merchandise of which the transport was contracted or were shipped prior to the date said decrees came into force, so long as those facts can be proved with authentic documents or with the bill of lading, depending on the case.

Article 7.- Transitory.- Fuel, oil and other products derived from petroleum which are transported in bulk are exonerated from the dispositions of Articles 1 and 4 of Decree Law No. 444 modified by the present decree, so long as the transport and port enterprises of the State do not have the vehicles, equipment and installations necessary for such object.

Article 8.- The present decree will go into effect on the day following its publication in the Official Newspaper.

Given in the National Palace, in the city of Guatemala, on May 4, 1966.

Publish and execute.

ENRIQUE PERALTA AZURDIA, Head of the Government of the Republic, Minister of National Defense

The Viceminister of Government in charge of the Office, HUGO EMILIO MARROQUIN

The Minister of Foreign Affairs, ALBERTO HERRARTE GONZALEZ

The Minister of Agriculture, CARLOS HUMBERTO DE LEON

The Minister of Communications and Public Work, JOAQUIN OLIVARES M.

The Minister of Economy, CARLOS ENRIQUE PERALTA MENDEZ

The Minister of Education, ROLANDO CHINCHILLA AGUILAR

The Minister of Finance and Public Credit, GABRIEL ORELLANA ESTRADA

The Minister of Public Health and Social Assistance, ALFONSO PONCE ARCHILA

The Minister of Labor and Social Prevision, JORGE JOSE SALAZAR VALDES

DX17

931A

AREAS WHERE UNITED FRUIT COMPANY
OR SUBSIDIARIES PRODUCED BANANAS
SUBSEQUENT TO 1935 AND EVENTUALLY
TERMINATED BANANA OPERATIONS

		Year Closed
	Sevilla, Colombia (Santa Marta Division)	1966
	Manzanillo, Dom. Republic (also called Puerto Libertado)	1966
(1)	Bananera, Guatemala (also known as Guatemala East)	1972
	Tiquisate, Guatemala (also known as Guatemala West)	1964
(2)	Quepos, Costa Rica (Costa Rica West)	1956
	Tengual, Ecuador	1960
(3)	Bluefields, Nicaragua	1942
	Truxillo, Honduras	1938
(2)	Limon Division, Costa Rica (East)	1942

Notes:

(1) Sold to Del Monte in compliance with Consent Decree.

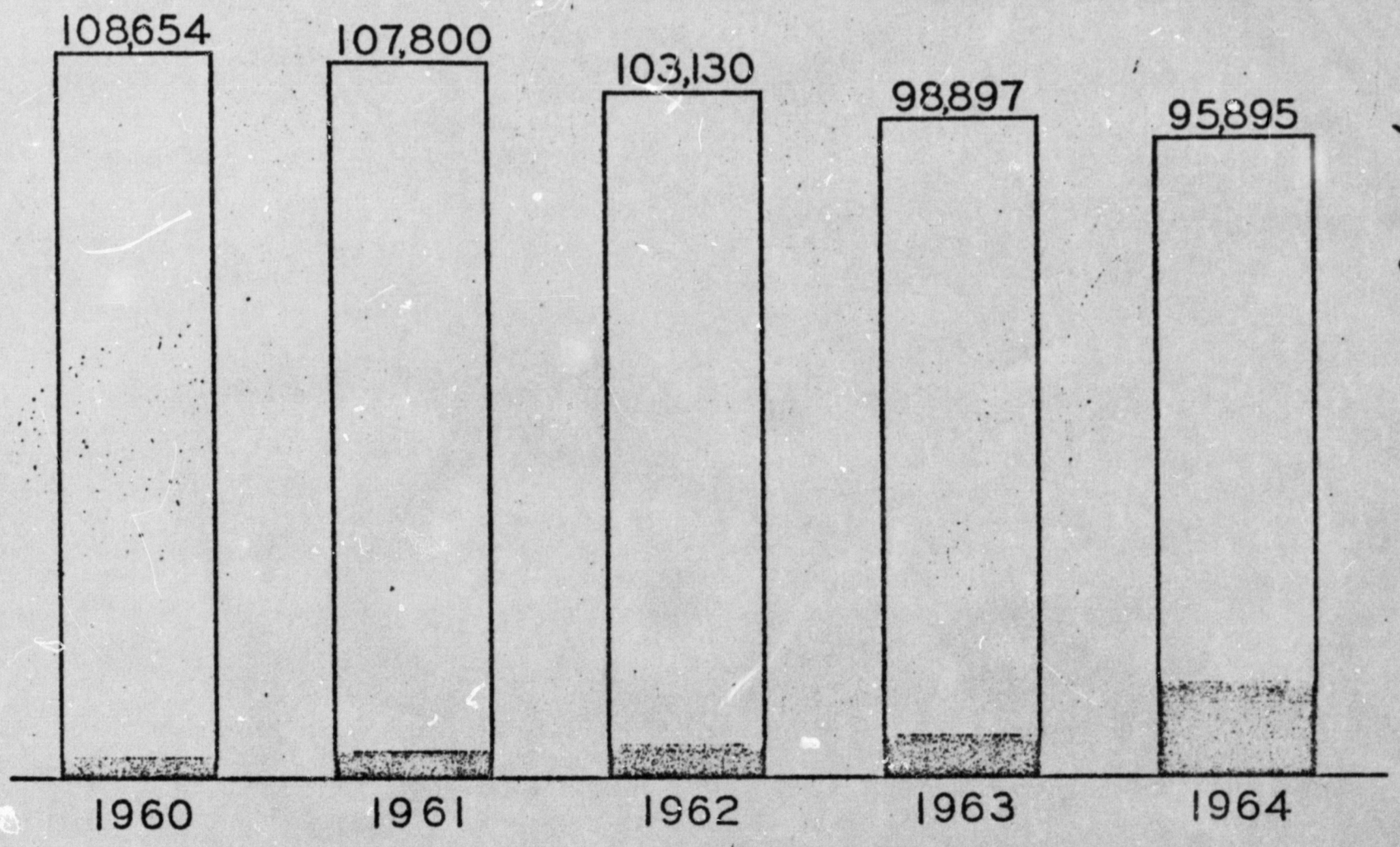
(2) United ceased growing bananas, but retained land and grew other crops.

(3) In 1967, United ceased purchasing bananas in a different area of Nicaragua.

DEFENDANT'S
MAR 1 1 1974
DX 1?

AVERAGE ACRES IN BEARING
COMPANY DIVISIONS
1960 — 1964

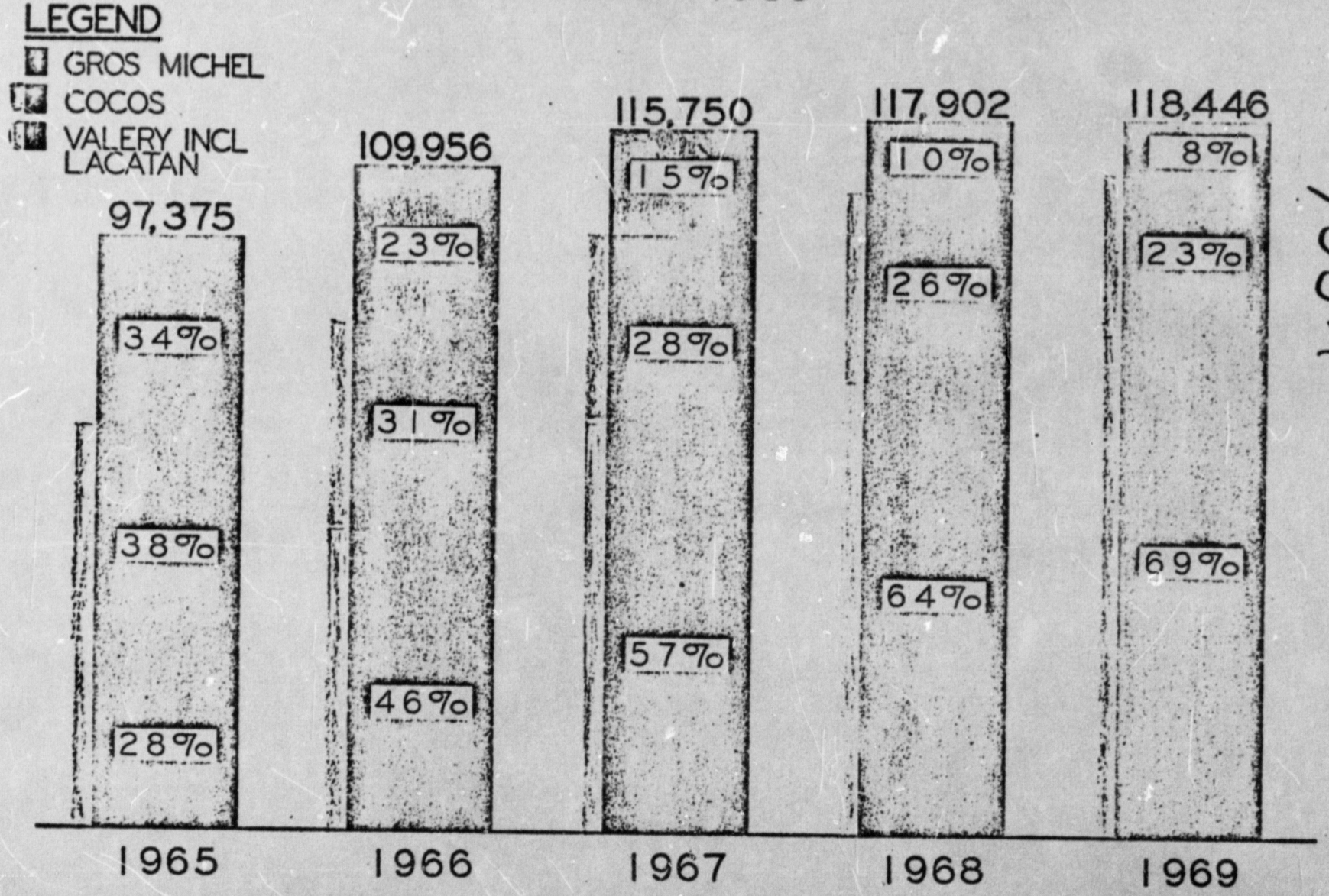
LEGEND
- ☐ OTHER
- ▪ VALERY



932A

DEFENDANTS
JAN 30 1974
DX 204

AVERAGE ACRES IN BEARING
COMPANY DIVISIONS
1965 — 1969



101-

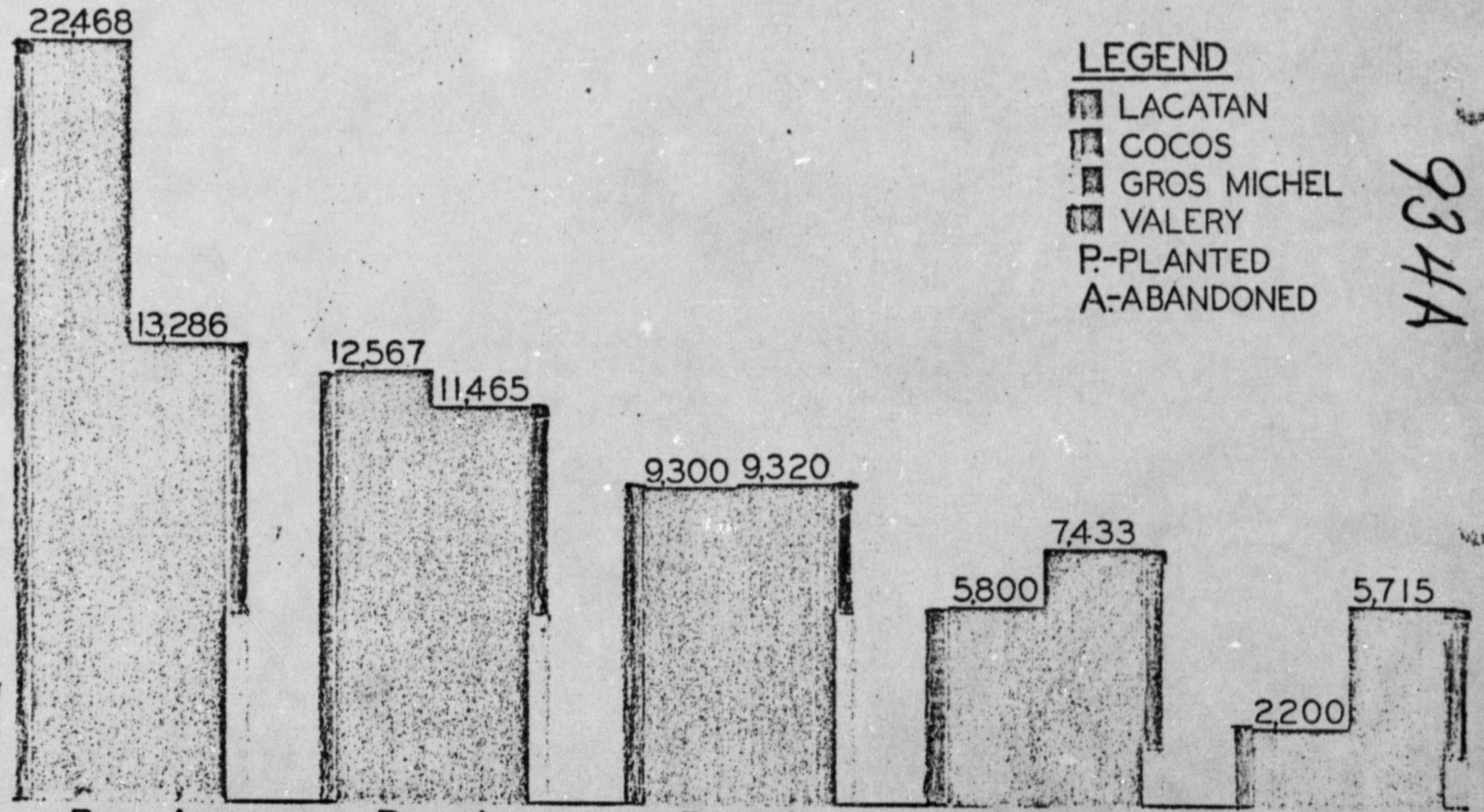
9334

DEFENDANT'S
JAN 30 1974 DX 219

ACREAGE PLANTED AND ABANDONED

COMPANY DIVISIONS

1965 — 1969



LEGEND

- LACATAN
- COCOS
- GROS MICHEL
- VALERY

P.-PLANTED
A.-ABANDONED

9341A

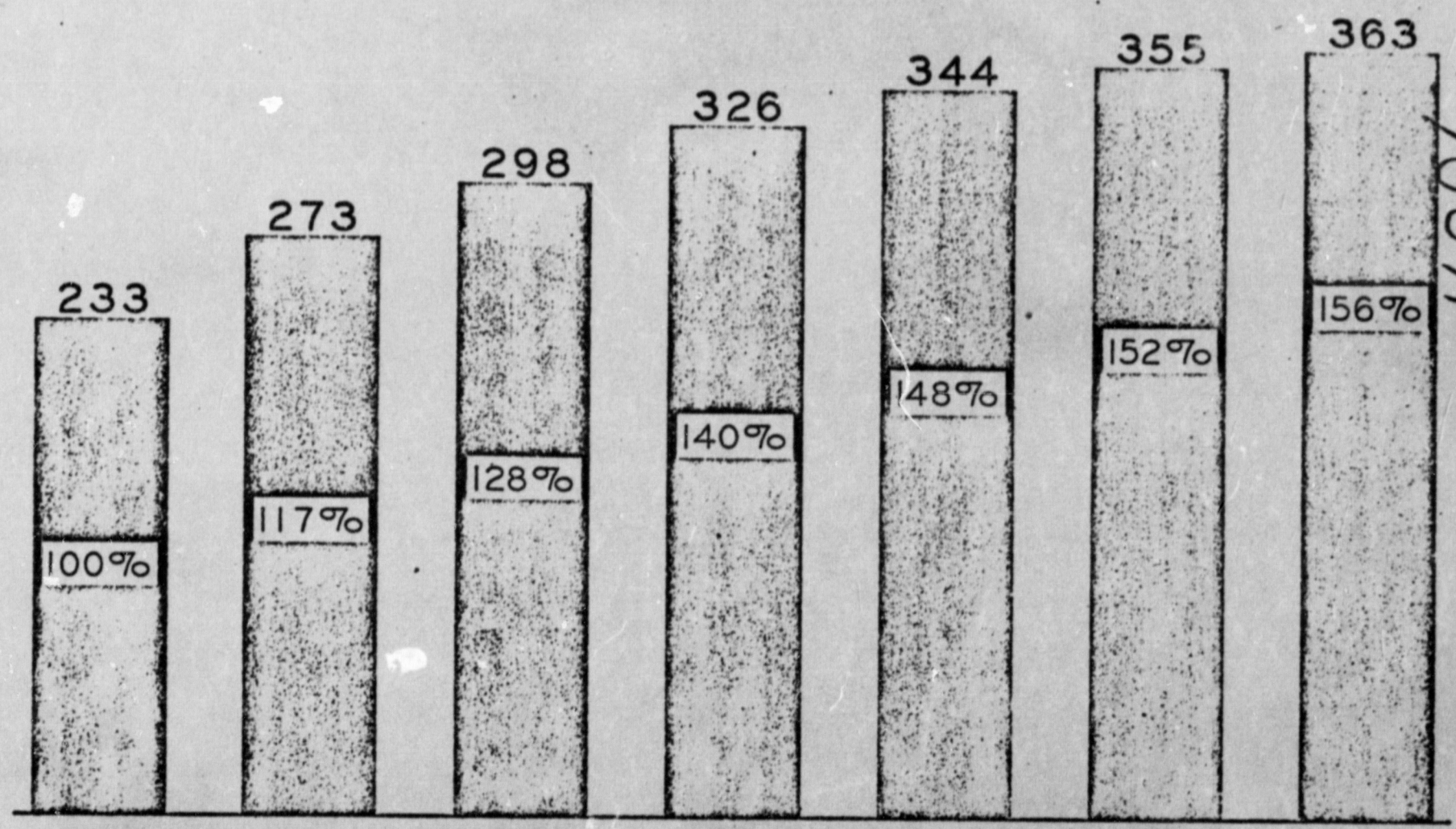
DEFENDANTS'
JAN 30 1974
DX 22

IC17

PRODUCTION PER ACRE IN STEMS

COMPANY ONLY

1963—1969



DEFENDANTS

JAN 30 1970

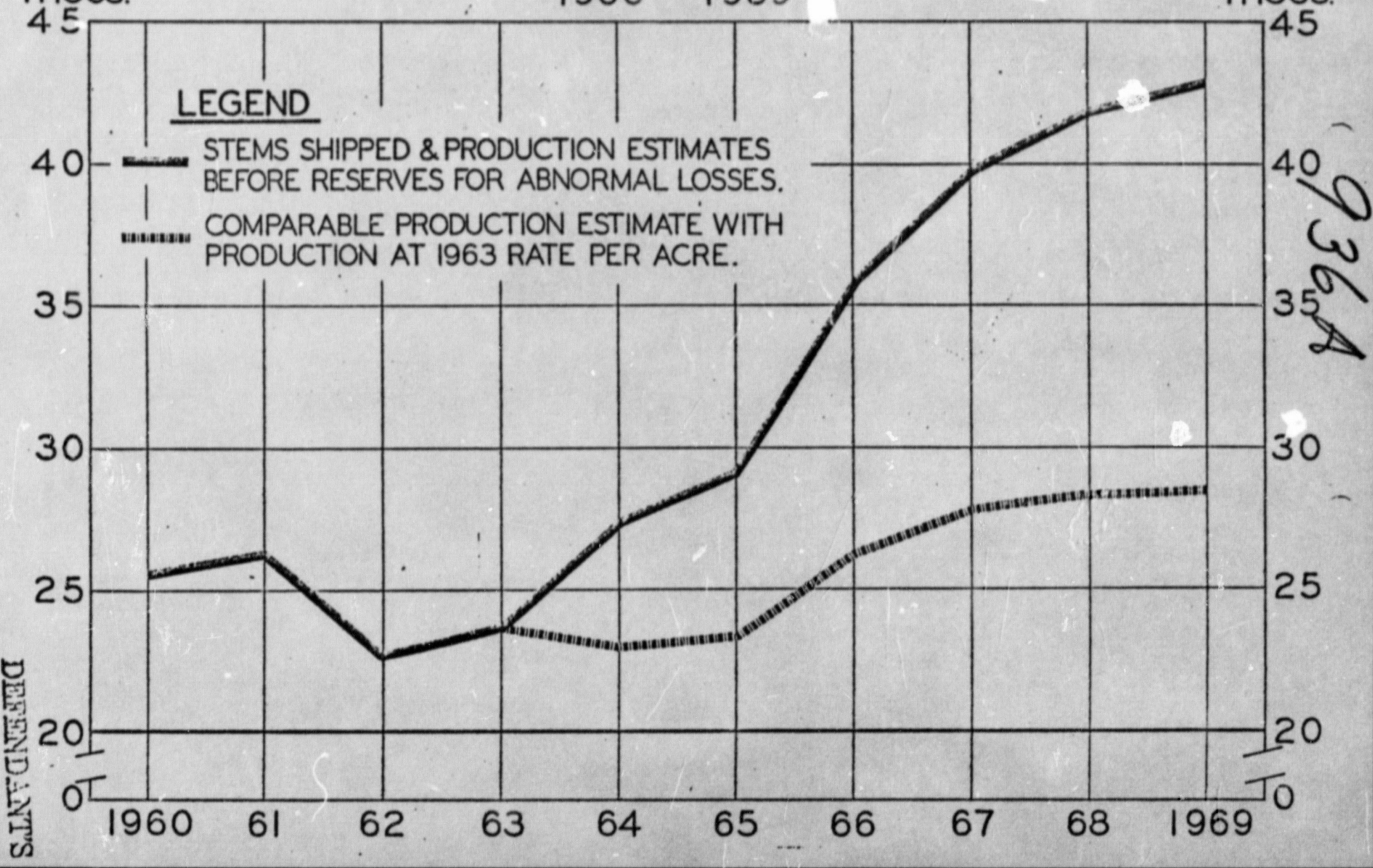
DX 235A

1018

SHIPMENTS AND PRODUCTION—STEMS

COMPANY DIVISIONS

1960—1969



936A

JAN 30 1971

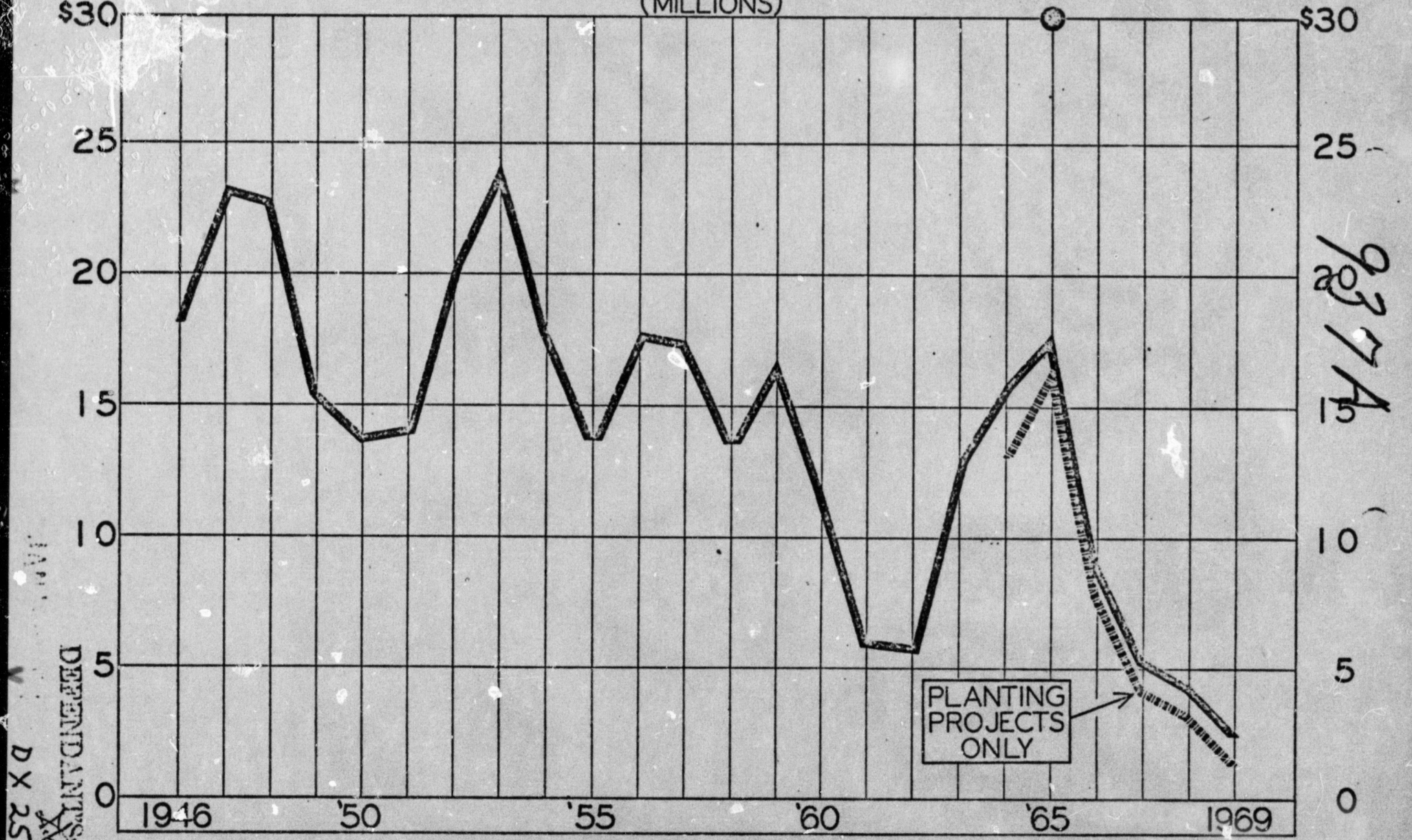
DX 24

DEFENDANTS

TROPICAL DIVISIONS - BANANA OPERATIONS

CAPITAL EXPENDITURES

(MILLIONS)



1019

DEFENDANTS EX D X 25

8274

AVERAGE BANANA PRICES - PER CWT.
ALL PORTS OF IMPORTATION - NORTH AMERICA
STEM FRUIT ONLY

	1955	1956	1957	1958	1959	1960	1961	1962	1963
Armuelles	$7.84	$7.55	$7.86	$7.26	$7.15	$6.08	$5.98	$6.28	$6.48
Bocas	7.54	7.11	7.39	6.52	6.66	4.55	4.30	4.94	-
Colombia	7.02	6.10	4.77	5.07	4.47	-	-	7.08	-
Ecuador	6.57	5.77	5.80	6.59	6.34	5.44	5.17	5.53	5.23
Golfito	8.02	8.25	8.08	7.62	7.42	5.51	6.06	6.55	6.99
Guatemala East	7.39	6.85	6.63	6.88	6.55	4.67	4.69	5.62	5.61
Guatemala West	7.03	6.48	6.75	6.21	5.98	4.55	4.50	4.92	4.38
Honduras	7.22	7.17	6.63	6.58	6.57	4.96	5.27	5.84	5.58
Dominican Republic	7.18	6.57	7.65	7.01	6.56	4.10	5.07	4.96	5.33
Quepos	7.69	7.25	-	-	-	-	-	-	-
Nicaragua	-	-	-	-	-	-	-	-	-
Total All Divisions	$7.43	$7.10	$7.23	$6.95	$6.72	$5.33	$5.46	$5.90	$5.80

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DX C DEFENDANTS
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UNITED FRUIT COMPANY

COMPANY SHARE OF U.S. MARKET - % COMPANY

	U.S. IMPORTS (DEPARTMENT OF COMMERCE)	COMPANY IMPORTS (U.S. ONLY)	% COMPANY
1955 Stems	47,014,632	25,872,449	55.0
1956 Stems	46,228,863	26,365,058	57.0
1957 Stems	47,736,022	24,904,253	52.2
1958 Stems	48,770,678	25,495,990	52.3
1959 Stems	54,213,996	26,972,321	49.8
1960 Stems	56,984,662	29,264,255	51.4
1961 Stems	54,339,045	27,478,724	50.6
1962 Pounds	3,450,455,108	1,839,400,000	53.3
1963 Pounds	3,485,406,773	1,604,266,000	46.0
1964 Pounds	3,429,849,143	1,441,760,000	42.0
1965 Pounds	3,492,885,189	1,692,970,000	48.5

SOURCE: United States Imports of Merchandise for Consumption (Dept. of Commerce)
Form 71 and Tax Return Details

DEFENDANTS MAR 5 - 1974

DX 30

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UNITED FRUIT COMPANY

COMPANY SHARE OF U.S. MARKET - % COMPANY

	U.S. IMPORTS (DEPARTMENT OF COMMERCE)	COMPANY IMPORTS (U.S. ONLY)	% COMPANY
1966 Pounds	3,716,620,640	1,991,754,000	53.6
1967 Pounds	3,744,977,886	2,061,224,000	55.0
1968 Pounds	3,853,314,607	2,083,729,000	54.1
1969 Pounds	3,775,791,906	1,833,559,000	48.6
1970 Pounds	3,978,270,704	1,645,505,000	41.4
1971 Pounds	4,140,714,077	1,788,754,000	43.2
1972 Pounds	4,168,710,259	1,653,053,000	39.7

SOURCE: United States Imports of Merchandise for Consumption (Dept. of Commerce) Form 2837 and 71 Supp.

DEFENDANT'S
MAR 11 1974 Dx 30a

CONVERSION TO VALERY

STEMS SHIPPED PER ACRE - MAIN PLANTATIONS
(YEARS 1960-1969)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Armuelles	272	277	192	223	233	267	300	392	494	553
Bananera	185	199	250	240	284	289	487	523	615	735
Colfito	280	204	231	212	234	259	325	359	510	592
Honduras	220	286	244	292	378	581	602	607	590	687
Bocas	205	287	368	421	448	531	580	652	727	793

Source: Form 840

9411A

DEFENDANTS
X 33 MAR 5 - 1974

DEFENDANTS EX. 34 DX 34 A

DELIVERED COST OF ECUADOR VERSUS GUATEMALA WEST

AT EACH NORTH AMERICAN PORT WHERE BOTH DIVISIONS IMPORTED

COSTS PER CWT

1955 - 1964

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Guatemala West										
Tropical Cost	4.35	4.36	4.73	4.95	4.94	3.91	3.72	4.81	4.10	-
Ocean Freight:										
New York/Baltimore	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	-	
Charleston	.78	.78	.78	.78	.78	.78	.78	.78	.78	-
Mobile/New Orleans	.68	.68	.68	.68	.68	.68	.68	.68	.68	-
Ecuador										
Tropical Cost	2.66	2.81	2.93	3.49	3.18	3.11	3.10	2.95	3.02	2.96
Ocean Freight:										
New York/Baltimore	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.79	1.88
Charleston	-	-	1.64	-	1.64	1.64	1.64	1.64	1.64	1.73
Mobile/New Orleans	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.68
Delivered Cost										
New York/Baltimore										
Guatemala West	5.38	5.39	5.76	5.98	5.97	4.94	4.75	5.84	5.13	-
Ecuador	4.45	4.60	4.72	5.28	4.97	4.90	4.89	4.74	4.81	4.84
Charleston										
Guatemala West	5.13	5.14	5.51	5.73	5.72	4.69	4.50	5.59	4.88	-
Ecuador	-	-	4.57	-	4.82	4.75	4.74	4.59	4.66	4.69
Mobile/New Orleans										
Guatemala West	5.03	5.04	5.41	5.63	5.62	4.59	4.40	5.49	4.78	-
Ecuador	4.34	4.49	4.61	5.17	4.8[illegible]	4.79	4.78	4.63	4.70	4.64

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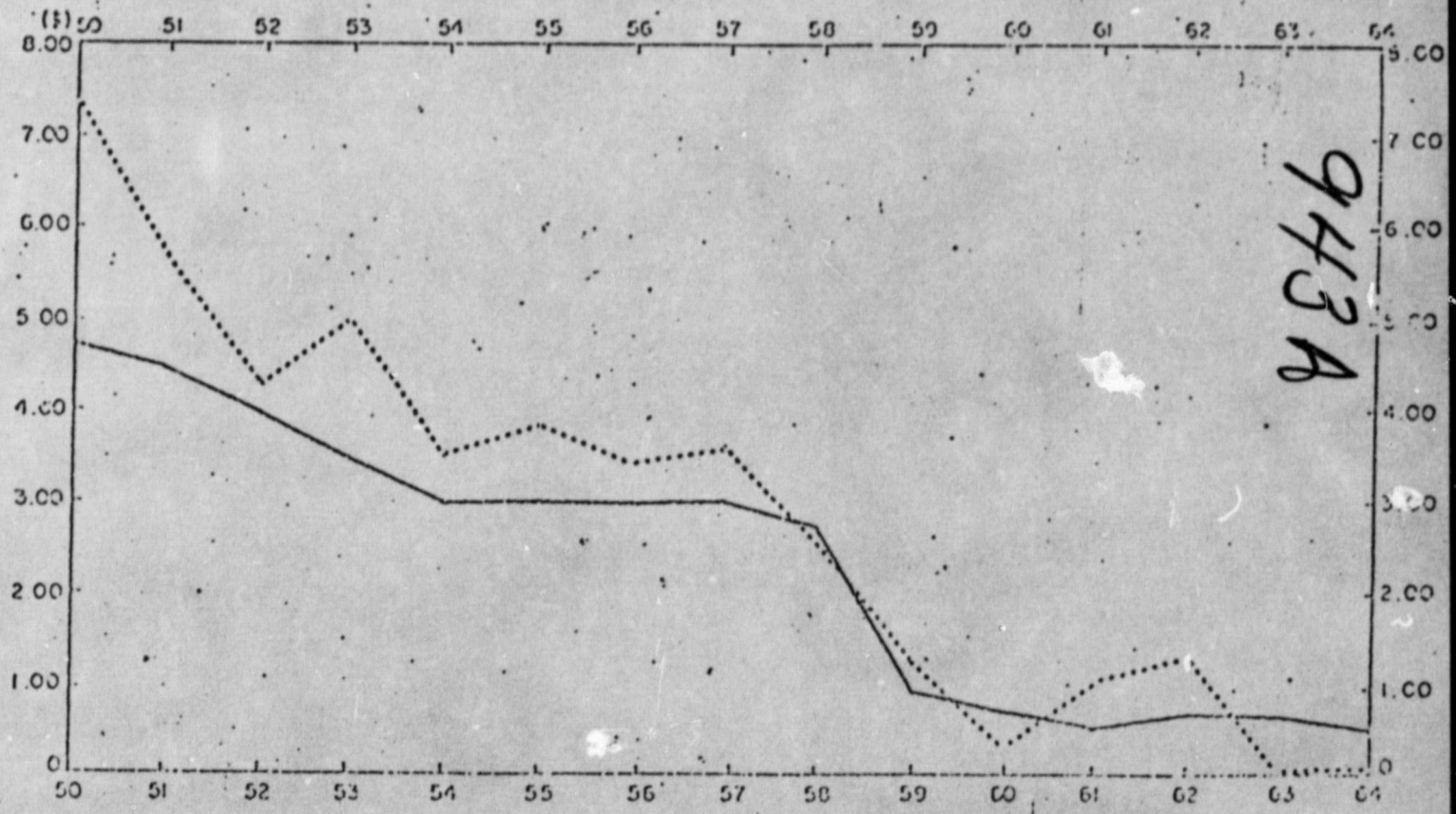
UNITED FRUIT COMPANY AND SUBSIDIARIES
NET EARNINGS AND DIVIDENDS DECLARED -- PER SHARE
1950 - 1964

	NET EARNINGS PER SHARE	DIVIDENDS DECLARED PER SHARE
1950	$ 7.49	$ 4.75
1951	5.73	4.50
1952	4.30	4.00
1953	5.02	3.50
1954	3.58	3.00
1955	3.82	3.00
1956	3.45	3.00
1957	3.59	3.00
1958	2.60	2.75
1959	1.39	1.00
1960	.25	.75
1961	1.03	.50
1962	1.30	.62½
1963	.06	.60
1964	.09	.45

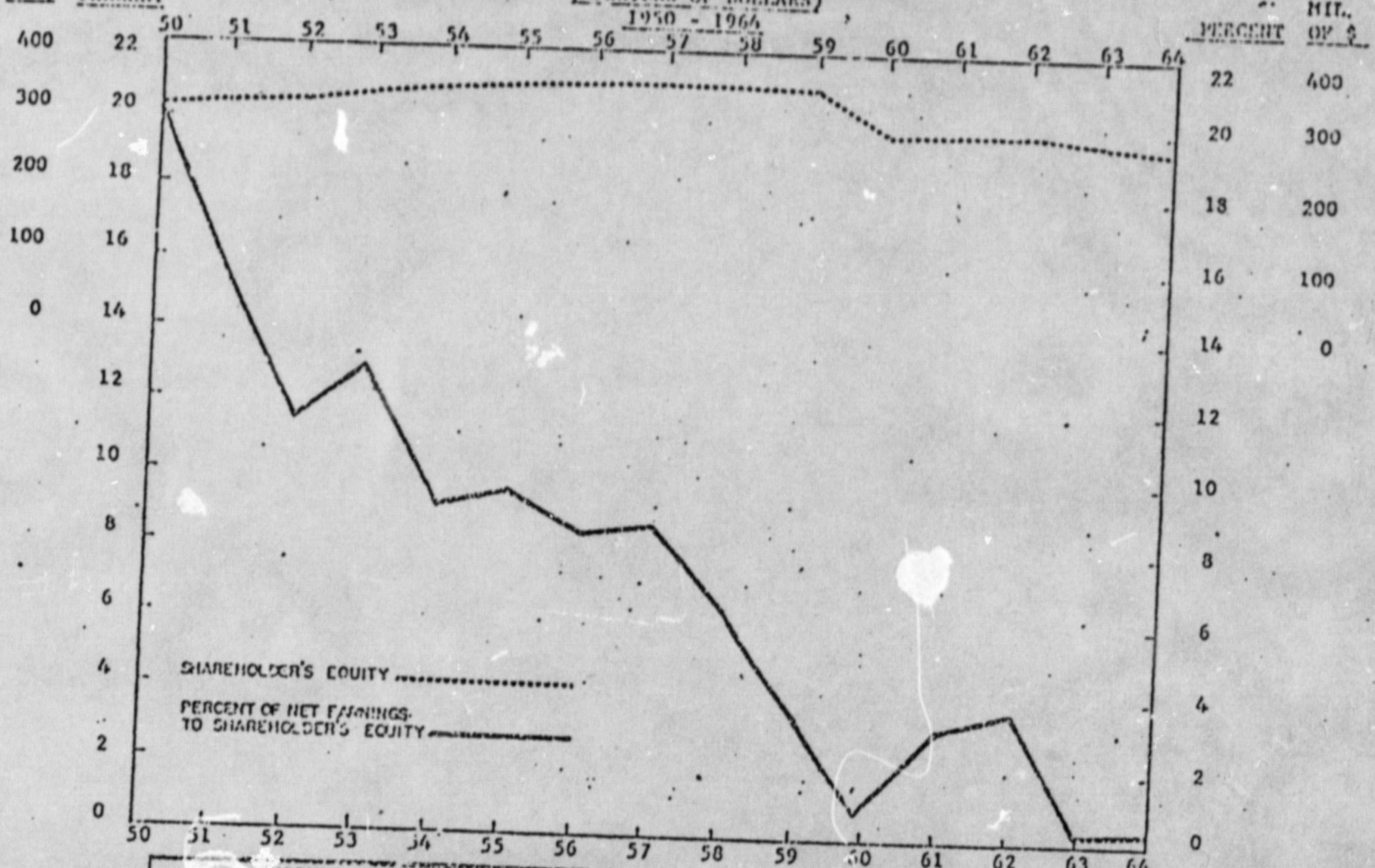


9434

Source: DX 136 and 1960-1964 United Fruit Co. Annual Reports

DX 136A

UNITED FRUIT COMPANY AND SUBSIDIARIES
PERCENT OF NET EARNINGS TO SHARE HOLDER'S EQUITY
(MILLIONS OF DOLLARS)
1950 - 1964



SHAREHOLDERS EQUITY (Mil. of $)			
1950	310	1958	356
1951	321	1959	354
1952	325	1960	291
1953	337	1961	295
1954	343	1962	299
1955	350	1963	283
1956	355	1964	278
1957	358		

PERCENT			
1950	20.2	1958	6.4
1951	15.7	1959	3.4
1952	11.6	1960	.7
1953	13.1	1961	8.0
1954	9.2	1962	3.7
1955	9.6	1963	.2
1956	8.5	1964	.3
1957	8.8		

Source: DX 137 and 1960-1964 United Fruit Annual Reports

DX 138 for ID

9446

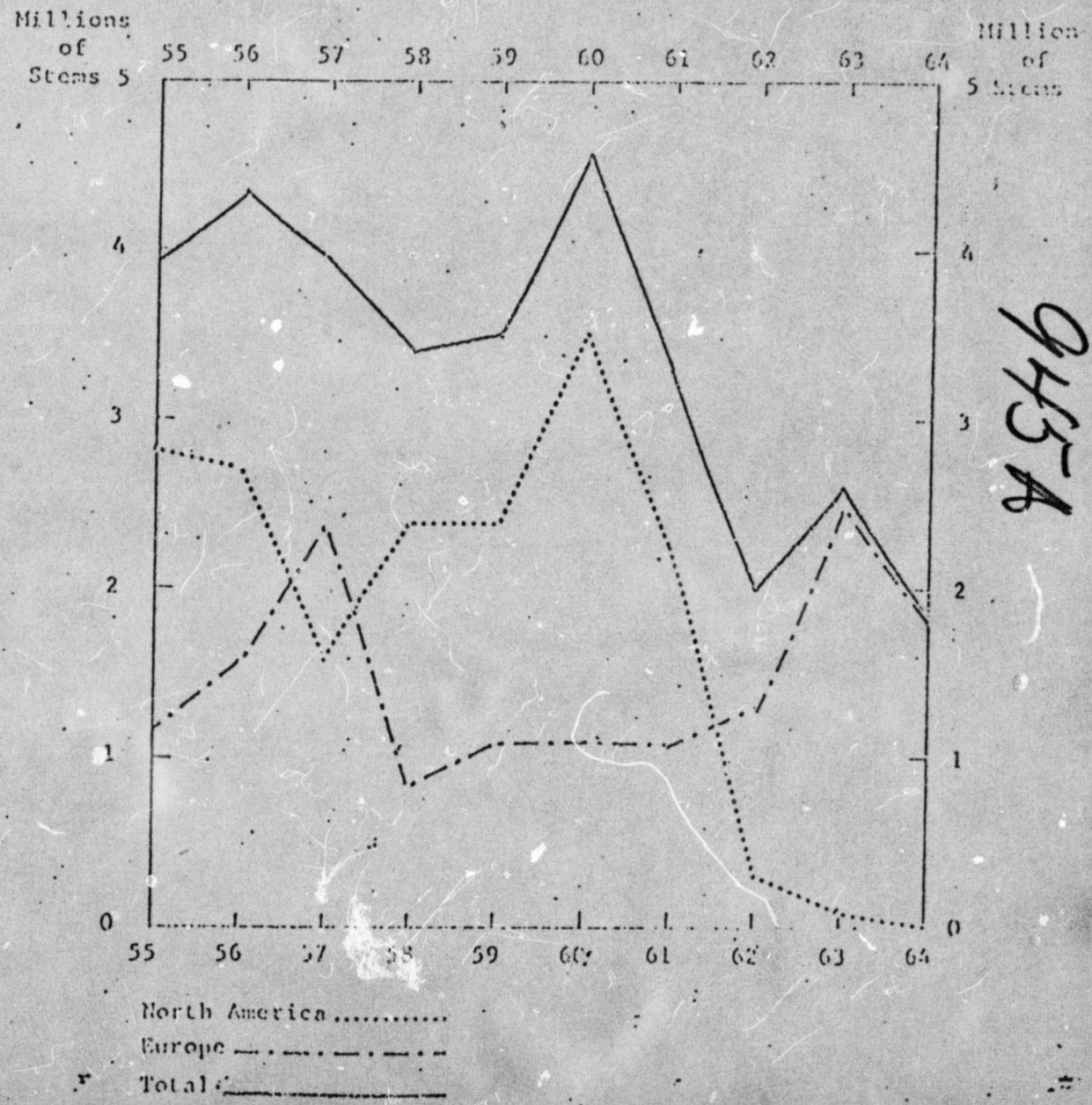
UNITED FRUIT COMPANY AND SUBSIDIARIES
TIQUISATE BANANA SHIPMENTS
NORTH AMERICA AND EUROPE
1955 - 1964
(Millions of Stems Including Stem Equivalent of Boxes Shipped)

Millions of Stems

	North America	Europe	Total
1955	2.8	1.1	3.9
1956	2.7	1.6	4.3
1957	1.6	2.3	3.9
1958	2.4	.8	3.2
1959	2.4	1.1	3.5
1960	3.5	1.1	4.6
1961	2.2	1.1	3.3
1962	.3	1.7	2.0
1963	.1	2.5	2.6
1964	-	1.8	1.8*

*7 months activity

SOURCE: FORM 840



DEFENDANT'S
DX 434
FEB 5 - 1974

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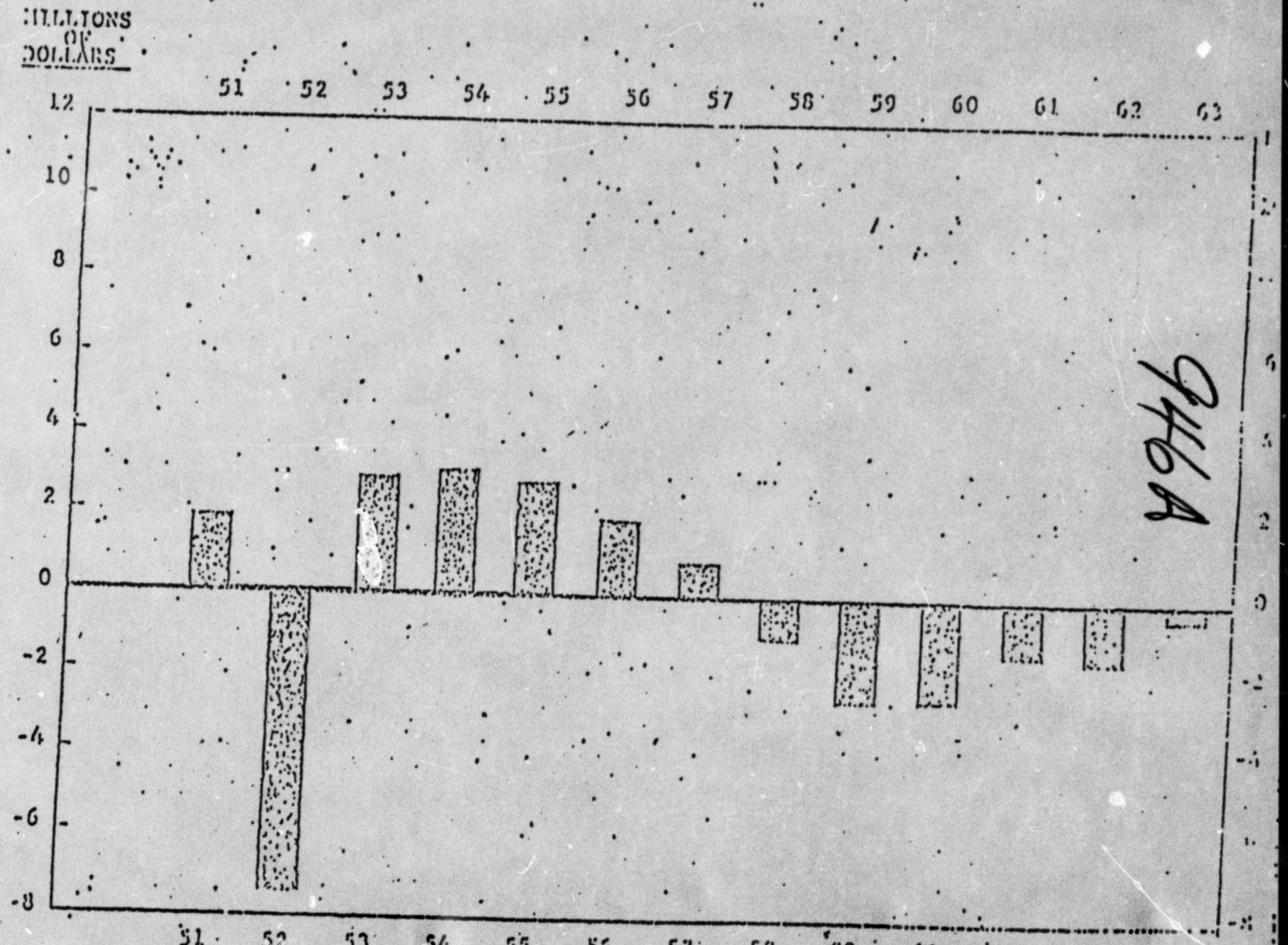
UNITED FRUIT COMPANY AND SUBSIDIARIES
CONSOLIDATED BANANA PROFIT BEFORE TAXES
TIQUISATE
1951-1963
(Millions of Dollars)

BANANA PROFIT	
951	$ 1.8
952	(7.4)
953	2.9
954	3.1
955	2.8
956	1.8
957	.8
958	(1.0)
959	(2.5)
960	(2.5)
961	(1.4)
962	(1.5)
963	(.3)



SOURCE: FORM 836

DEFENDANTS

DX 464
FEB 5 - 1974

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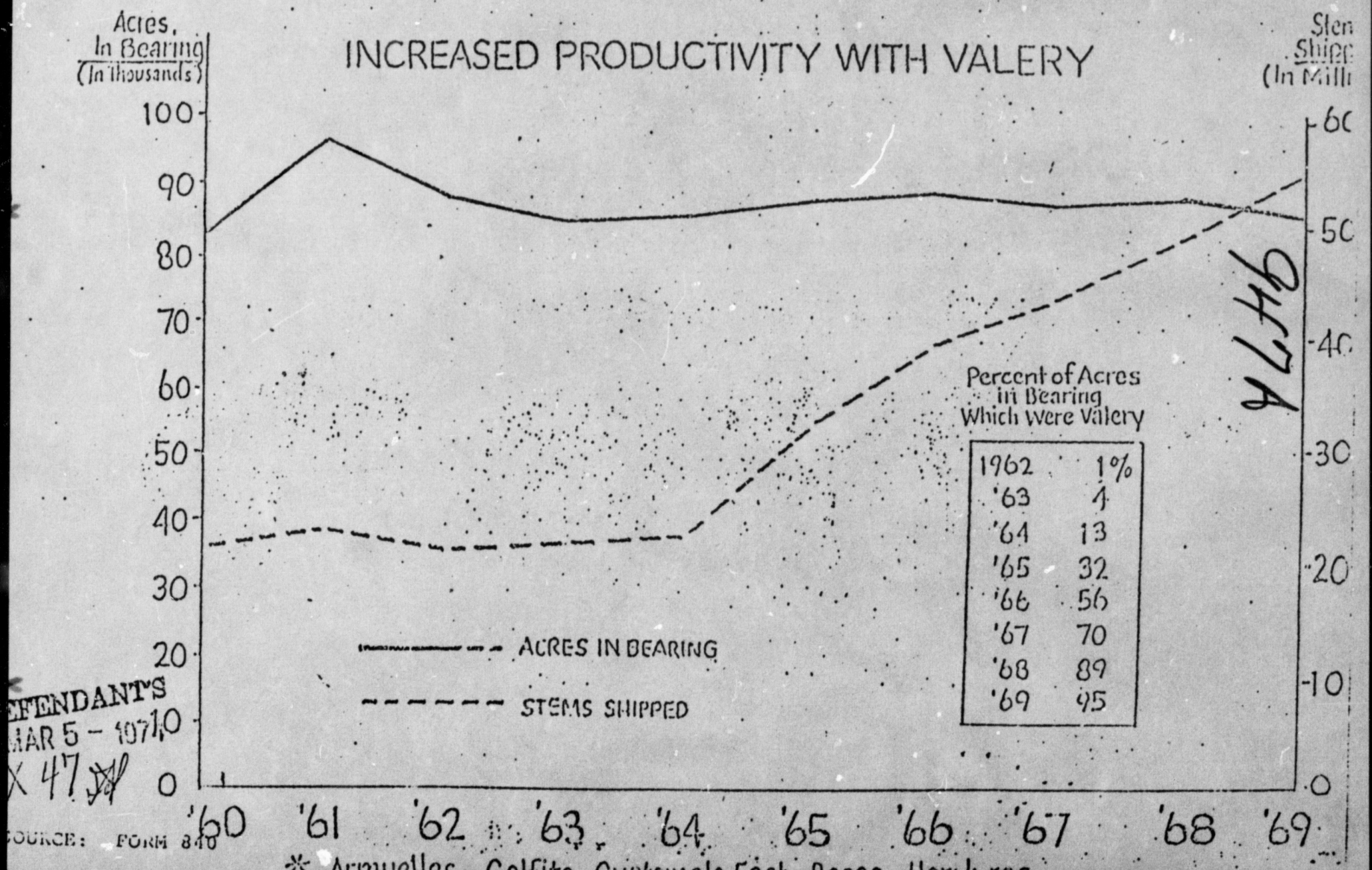
BANANA ACREAGE AND SHIPMENTS OF STEMS (OR STEM EQUIVALENT)
YEARS 1960-1969



DEFENDANT'S
MAR 5 - 1971
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SOURCE: FORM 840

* Armuelles, Golfito, Quepos, Honduras

PX 4847

AVERAGE ACRES IN BEARING AND SHIPMENTS OF STEMS (OR STEM EQUIVALENTS)

1960-1969

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
ARMUELLES:										
Gros Michel/Cocos	22143	23930	24660	26357	30235	29647	21679	13403	9490	5549
Valery	-	-	-	-	-	-	2189	6473	8691	11459
TOTAL	22143	23930	24660	26357	30235	29647	23868	19876	18181	17008
BOCAS:										
Gros Michel/Cocos/Lac	3651	3594	4222	4080	3012	-	-	-	-	-
Valery	-	-	484	586	2543	8734	11870	11248	11609	14909
TOTAL	3651	3594	4706	4666	5555	8734	11870	11248	11609	14909
COLFITO:										
Gros Michel/Cocos	24177	25797	25665	26559	26491	24369	16904	12558	9513	937
Valery	-	-	-	121	648	120	4842	7336	10858	[illegible]
TOTAL	24177	25797	25665	26680	27139	24489	21746	19894	20371	13788
GUATEMALA EAST:										
Gros Michel/Cocos	5919	7316	8506	8301	6669	3850	1218	38	-	-
Valery	-	-	-	-	-	1762	4884	6754	7976	8633
TOTAL	5919	7316	8506	8301	6669	5612	6102	6792	7976	8633
HONDURAS:										
Gros Michel/Cocos	24437	30053	24844	16922	7796	2027	-	-	-	-
Valery	-	-	146	2549	8052	17812	26001	28839	28946	23147
TOTAL	24437	30053	24990	19471	15848	19839	26001	28839	28946	23147
TOTAL ACREAGE										
Gros Michel/Cocos/Lac	80327	90690	87897	82219	74203	59893	39801	25999	19003	9486
Valery	-	-	630	3256	11243	28428	49786	66650	68930	73997
TOTAL	80327	90690	88527	85475	85446	88321	89587	86649	87933	83483
Percentage Valery	-	-	1	4	13	32	56	70	89	95
Tons Shipped (in thousands)	21140	22976	20621	21157	23829	32064	39728	43307	49788	54572

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SOURCE: FORM 840

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Annual Report

INTERNATIONAL RAILWAYS
of
CENTRAL AMERICA

1957

15 EXCHANGE PLACE
Jersey City 2, N. J.

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Annual Report to the Stockholders, Year Ended December 31, 1957

Significant events which took place in Guatemala in the last half of 1957 were reported to our stockholders by letters dated December 17, 1957 and January 24, 1958.

The President of Guatemala, Colonel Castillo Armas, was assassinated on July 26th. A Presidential election to select his successor was held on October 20, 1957. Following the election there was rioting in Guatemala City and transportation services were disrupted for practically a whole week. Later on in November the railway workers went out on strike for several days and labor conditions generally continued unsatisfactory during the balance of the year. The October presidential election was annulled and a new election was called for January 19, 1958. The disturbed political situation and labor unrest naturally created serious operating difficulties for the Company. These conditions in Guatemala have continued seriously to affect our operating results in the current year. Moreover, an agreement has been made between the coffee producing countries of the Western Hemisphere to restrict coffee exports in an effort to improve market prices; this has naturally reduced the Company's revenues from this source.

After the election of January 19, 1958, General Ydigoras Fuentes was declared the elected President of Guatemala. Since his new Government took office on March 2nd there has been a favorable change in business sentiment which should bring about some improvement in operating conditions in Guatemala.

REVENUES

Railway operating revenues for the year 1957 were $16,816,449 which include a credit of about $260,000 for revenues received against the amount owing to the Company by the Guatemalan Government, similar to the credit of $522,080 as set out on Page 2 of the Annual Report for last year. This adjustment was made necessary by rulings of the United States tax authorities. The Company's business in El Salvador was practically the same as during 1956, but in Guatemala there was a substantial reduction in volume of traffic due to the unsettled conditions in that country to which reference has already been made. The necessity to reduce tariffs in Guatemala on account of truck competition also reduced revenues.

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Periodic consultations have been held with the Company's financial advisers, Schroder Rockefeller & Co., Inc., but the directors, with regret, feel that no offer can be made to stockholders at this time. The primary obstacle is that any well conceived plan would be based in whole or in a substantial part on an offering of income debentures to the preferred stockholders. Such an issue would be attractive in that interest would be payable if earned and a sinking fund would operate if earned. There would also be a benefit in such debentures for the Company and its common stockholders because interest paid on debentures would be deductible for income tax purposes. Unfortunately, the present cash position of the Company will not permit it to offer income debentures. Cash for the foreseeable future will be below a reasonably safe level, having in mind the possibility of operating emergencies (especially to be feared because of uncertainties in Guatemala). The Company should, therefore, be completely free to retain any income for the purpose of building its cash on hand as long as these uncertainties continue. Moreover, the maturity of the $1,375,000 note held by Compania Agricola de Guatemala remains as a problem, the solution of which will depend on the outcome of the appeals to the New York appellate courts in the pending stockholders' derivative action. It is because of these and other present circumstances that the directors feel unable to make proposals at this time respecting the preferred stock dividend arrears.

LABOR

A satisfactory agreement has been arrived at with the Salvador Railwaymen's Union after prolonged negotiations. All legal formalities in connection with this agreement have been complied with and the agreement itself has been duly registered by the Ministry of Labor. It is effective for a period of two and a half years from March 30, 1958.

As regards the labor situation in Guatemala, our Stockholders have been kept informed of developments by circular letters dated December 17, 1957, and January 24, 1958. Negotiations with the Railwaymen's Union (SAMF) have been continued in the Ministry of Labor and although agreement has been reached on a large number of points in dispute (including a term of two and a half years for the contract if and when entered into) it has continued to be impossible to agree upon several important matters, including the highly important matter of wage increases. It can only be repeated

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that the Union's demands are so exaggerated and unreasonable that the possibilities of reaching an agreement appear to be very slight.

A final decision by the Guatemala Labor Court on the Company's request to declare the illegality of the November, 1957, strike has not yet been handed down nor has the Supreme Court of Guatemala acted on the Company's petition for relief against the Government intervention and against its order to pay the workers for the time they were on strike.

STOCKHOLDERS' DERIVATIVE ACTION

During the year 1957, there was a decision in the court of first instance of the lawsuit brought by Charles B. Ripley and other stockholders of this Company against United Fruit Company. A number of reports concerning this have already been made to the stockholders. The decision was made by a Special Referee and this Company has paid its part of the Referee's fee fixed by the appropriate Justice of the New York Supreme Court.

Judgment was entered in favor of this Company against United Fruit Company for $4,531,055.38. This represented damages calculated for the period ending December 31, 1955, as the difference between what United Fruit Company had actually paid for transportation of bananas and other services and what the Referee found should have been paid, together with interest as allowed by the Referee.

United Fruit Company has appealed from the judgment to the Appellate Division of the New York Supreme Court. There have also been appeals (raising questions as to the adequacy of damages) by the plaintiff stockholders and by this Company. These appeals are expected to be argued in October, 1958. After a decision by the Appellate Division, it is possible that a further appeal may be taken by one or more of the parties to the Court of Appeals of New York.

Pending its appeal, United Fruit Company has obtained from the Appellate Division a stay of execution of the judgment and a stay of all proceedings under the judgment. The stay was at first made conditional on the filing of a surety bond for $1,500,000 by United Fruit Company or in the alternative the deposit of securities of a value of $4,550,000. It was greatly to the interest of this Company, however, that the payment due May 1, 1958 of its $1,375,000 note held by a subsidiary of United Fruit Company be postponed rather than that a surety bond be filed or securities deposited. With

DX 70

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bond for $1,500,000 by
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Company be postponed
urities deposited. With

the consent of United Fruit Company and the approval of the Appellate Division, therefore, it was arranged that a bond or other security be waived and that collection of the principal of and interest on the $1,375,000 note be postponed until final decision of the lawsuit. Interest has been paid on the note to May 1, 1958.

It was pointed out above that the money judgment as now entered covers the period to December 31, 1955. The terms of the judgment require, however, that higher rates also be paid thereafter by United Fruit Company. Pending the appeal and by reason of the stay, this Company can take no steps in the courts to collect the higher rates. The management has felt nevertheless that statements of the amounts due should be rendered to United Fruit Company. Accordingly, statements were submitted dated February 18, 1958, which showed $1,265,599.07 due from United Fruit Company for the period January 1, 1956 through January 31, 1958. Statements dated March 18, 1958 were submitted which showed $65,731.03 due from United Fruit Company for the month of February, 1958. Similar statements will be submitted monthly in the future. No recognition has been given in this Company's income accounts to date of the amount of the judgment or of the rate differential billings for periods subsequent to December 31, 1955.

The stockholders will bear in mind that all of the amounts referred to as due from United Fruit Company are subject to the decision of the New York appellate courts. It will also be borne in mind that if these amounts are ultimately collected they are subject to deduction for income taxes and for the expenses (including attorney's fees) of the stockholders who brought the lawsuit.

INCREASE IN THE NUMBER OF DIRECTORS

With the object of increasing the representative character of the Board in the interests of both classes of stockholders, the directors have authorized an increase in their number from ten to eleven. The management is proposing Mr. Oliver R. Grace of New York as nominee for the new place on the board thus created. Mr. Grace is a member of the firm of Sterling, Grace & Co., investment advisers and stock brokers.

GENERAL

The highway between Guatemala City and the Atlantic ports of Santo Tomas and Puerto Barrios is nearing completion. A large

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portion of the highway is already in service and truckers are offering their services to importers at very low rates, which has compelled the Company to reduce its rates on the Guatemala City—Barrios section of the system.

The Guatemala Government has completed the grading on the railway line which is being built to connect the Government port of Santo Tomas with our main line. It is expected that the line will be completed and in service in the near future.

There have been no new developments in connection with the two tax claims agitated in Guatemala. One of these is for so-called "Charity Taxes." The other (described in the circular letter to stockholders of January 24, 1958) is for $12,000,000 alleged to be due for taxes on payments claimed to have been made to non-residents. In the opinion of counsel, there is no legal basis for either claim and all appropriate action available to the Company is being taken to resist these illegal demands.

The Company will be pleased to furnish any stockholder who so desires the statistical information regarding tons of freight handled, number of passengers carried, etc., and it can be obtained by writing to the Vice President, Secretary and Treasurer, Mr. Frank I. Tennyson.

On behalf of the Board of Directors, we wish to place on record our appreciation of the services of all the officials of the Company and of those employees who have fulfilled their duties in a loyal and efficient manner in the handling of the many difficult problems which arose during 1957.

GERALD F. BEAL,
Chairman of the Board.

THOMAS BRADSHAW,
President.

April 30, 1958.

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Comparative Statement of Income for the Years 1912 to 1957

(Dollar figures in Thousands)

Year	Railway Operating Revenues	Railway Operating Expenses	Net Revenue from Railway Operations	Taxes, Miscellaneous Deductions from Income, Fixed Charges, etc.	Net Income
1912	$2,370	$1,120	$1,250	$ 454	$ 796
1913	2,640	1,369	1,271	478	793
1914	2,595	1,433	1,162	549	613
1915	2,338	1,326	1,012	566	446
1916	2,748	1,293	1,455	566	889
1917	2,760	1,471	1,289	633	656
1918	2,642	1,447	1,195	692	503
1919	3,138	2,018	1,120	693	427
1920	3,845	2,371	1,474	677	797
1921	3,951	2,507	1,454	767	687
1922	4,130	2,604	1,526	806	720
1923	4,272	2,332	1,830	829	1,001
1924	5,121	2,816	2,305	903	1,402
1925	6,097	3,678	2,419	813	1,606
1926	6,827	4,131	2,696	737	1,959
1927	7,012	4,116	2,896	903	1,993
1928	7,758	4,664	3,094	780	2,314
1929	7,850	4,570	3,280	870	2,410
1930	6,433	3,785	2,648	1,198	1,450
1931	5,209	3,525	1,684	1,138	546
1932	4,403	2,787	1,616	1,157	459
1933	3,915	2,792	1,123	1,109	14
1934	4,077	2,903	1,174	1,071	103
1935	4,022	2,612	1,410	968	442
1936	4,952	3,009	1,943	1,265	678
1937	5,699	3,231	2,468	1,366	1,102
1938	5,639	3,380	2,259	1,328	931
1939	5,994	3,641	2,353	1,282	1,071
1940	5,544	3,391	2,153	1,287	866
1941	5,617	3,297	2,320	1,365	955
1942	6,201	3,761	2,440	1,373	1,067
1943	7,286	4,044	3,242	1,456	1,786
1944	7,448	4,638	2,810	1,145	1,665
1945	8,933	5,603	3,330	1,254	2,076
1946	10,462	7,013	3,449	1,313	2,136
1947	13,076	9,082	3,994	1,416	2,578
1948	13,334	10,926	2,408	1,050	1,358
1949	12,395	11,544	851	684	167
1950	13,466	11,194	2,272	1,084	1,188
1951	13,126	12,053	1,073	752	321
1952	13,341	11,472	1,869	1,062	807
1953	14,463	12,805	1,658	993	665
1954	13,786	12,694	1,092	723	369
1955	16,657	13,309	3,348	1,685	1,663
1956	17,304	13,916	3,388	1,737	1,651
1957	16,816	14,490	2,326	1,368	958

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UNITED FRUIT COMPANY

GENERAL OFFICES, 80 FEDERAL STREET

BOSTON 10, MASSACHUSETTS

EMERY N. LEONARD
SECRETARY AND TREASURER

March 20, 1958

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

MAR 24 1958

JERSEY CITY OFFICE

Mr. Frank I. Tennyson
Vice President, Secretary and Treasurer
International Railways of Central America
15 Exchange Place
Jersey City 2, New Jersey

Dear Mr. Tennyson:

Under Article VI, Section (A) (9), of the Consent Decree entered into by the United Fruit Company with the United States Government for the settlement of the Antitrust suit on February 4, 1958, the United Fruit Company is enjoined and restrained from

> "Entering into, adhering to or maintaining any agreement, contract or arrangement with any common carrier by rail or water in the Western Hemisphere which provides that the common carrier will not accord to competitors of United terms, privileges and treatment in the transportation of bananas for sale in the United States or destined for sale in the United States proportionately equal to those accorded by the carrier to United;"

Paragraph 22 of the Traffic Agreement executed by the United Fruit Company and the Guatemala Railway Company (now International Railways of Central America) on September 15, 1904, appears to be the type of provision referred to by this injunction. The Fruit Company has no obligations under this paragraph 22 and, accordingly, you may be disposed to agree with us in the cancellation from this date of this said paragraph 22. This cancellation would, of course, be limited to paragraph 22 and would not affect the rest of the contract in so far as it is in effect at the present time.

If you are not disposed to cancel said paragraph 22, you are hereby advised that the United Fruit Company, during the remaining life of the contract of September 15, 1904, waives any and all rights granted to it in paragraph 22 and relieves the Railway Company of any duty to the United Fruit Company to perform the obligations stipulated in the said paragraph.

Will you kindly take this matter up with Messrs. Beal and Bradshaw, and your Board of Directors, and advise me how you wish the matter handled.

Respectfully yours,

894

DX 7

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MAR 26 1953
JERSEY CITY OFFICE

SULLIVAN & CROMWELL

48 Wall Street, New York 5.

March 25, 1953

Mr. Frank I. Tennyson,
International Railways of Central America,
15 Exchange Place,
Jersey City 2, N. J.

Dear Mr. Tennyson:

This is in answer to your letter of March 24 asking our opinion concerning the cancellation of paragraph 22 of the September 15, 1904 agreement with United Fruit Company, as suggested in a letter to you of the Secretary and Treasurer of United Fruit Company dated March 20, 1953.

As you know, there are a great many written contracts between IRCA and United Fruit, beginning in the year 1904. Some of these contracts amend or cancel others and the whole subject is one which we are currently studying at the suggestion of Mr. Bradshaw. One of the objects of our study is to determine precisely what contracts and what contract provisions are now in effect as between United Fruit or its subsidiaries and IRCA; another object is to determine which provisions should be cancelled and how the entire contract relationship can be simplified and brought down to date.

I mention this because the suggested cancellation of paragraph 22 of the 1904 Traffic Agreement illustrates part of the problem. This paragraph appears in an agreement made over 50 years ago and it is not possible by looking at the agreement itself to determine whether it is still in effect; resort must be had to outside circumstances, including a calculation of how many acres of bananas were planted by United Fruit and in what years. In any event, this paragraph 22 purports to obligate IRCA to deny to competitors of United Fruit "special facilities" made available to United Fruit itself. So far as I am aware, after studying such matters carefully during the long course of the Ripley lawsuit, neither United Fruit nor IRCA has paid any attention whatever to this provision for many, many years.

You will see from the foregoing that there is no reason whatever why IRCA should not agree to a cancellation of paragraph 22. On the contrary, it is in my judgment advisable to do so in order that the record may clearly reflect the policy of IRCA to treat all its customers alike.

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In line with the views above expressed, I am enclosing a draft of a reply to Mr. Leonard for your consideration and also a draft minute for the meeting of the Board of Directors, in the event that the Board accepts the views above expressed.

Very sincerely yours,

Inzer B. Wyatt

(Enclosures)

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
15 EXCHANGE PLACE
JERSEY CITY 2, N.J.

959A

GERALD F. BEAL
CHAIRMAN OF THE BOARD

March 26, 1958

Mr. Emery N. Leonard, Secretary & Treasurer
United Fruit Company
80 Federal Street
Boston 10, Massachusetts

Dear Mr. Leonard:

This is in answer to your letter of March 20th to Mr. Tennyson, who is on vacation, concerning paragraph 22 of the Traffic Agreement of September 15, 1904.

I am advised by counsel that there is no reason, from a legal standpoint, why we should not consent to a cancellation of this paragraph. The provisions of the paragraph seem, moreover, to be inconsistent, in part at least, with the attitude of our two Companies for many years. Accordingly, I will present the matter to the directors at their next meeting on April 3rd to secure authority for the cancellation. Counsel also inform me that paragraph 22 was amended by paragraph VI of the Supplemental Traffic Agreement of September 15, 1913; the amendment does not appear to affect the present situation, but you may wish to recite it in any formal document desired.

Anticipating authority for cancellation from the directors, I suggest that you let me know what further action or papers you would wish from us.

Very sincerely yours,

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Retype of DX 76

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SULLIVAN & CROMWELL

Cable Address "Ladycourt"

48 Wall Street, New York 5,

May 2, 1958

T. Roland Berner, Esq.,
Chrysler Building,
New York 17, N. Y.

Porter R. Chandler, Esq.,
15 Broad Street,
New York 5, N. Y.

Dear Sirs:

For your information I am sending herewith a copy of my letter to Mr. Tennyson of May 1, 1958 dealing with a question which has been raised under the antitrust consent decree entered against United Fruit Company.

Very sincerely yours,

(signed) Inzer B. Wyatt

Inzer B. Wyatt

(Enclosure)

cc. Messrs. Beal, Sutphen, Tennyson)

JAN 25 1974
DEFENDANT'S

DX 76

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SULLIVAN & CROMWELL

48 Wall Street

New York 5

May 1, 1953

Mr. Frank I. Tennyson,
International Railways of Central America,
15 Exchange Place,
Jersey City 2, N. J.

Dear Mr. Tennyson:

We have several times been asked whether the failure of United Fruit Company to pay higher rates to IRCA is a violation of Article VI (A)(9) of a judgment, dated February 4, 1958, of the District Court for the Eastern District of Louisiana in a civil antitrust action by the United States against United Fruit Company. The provision to which I refer reads as follows:

> "United is enjoined and restrained from, directly or indirectly: . . . entering into, adhering to or maintaining any agreement, contract or arrangement with any common carrier by rail or water in the Western Hemisphere which provides that the common carrier will not accord to competitors of United terms, privileges and treatment in the transportation of bananas for sale in the United States or destined for sale in the United States proportionately equal to those accorded by the carrier to United;"

We have given careful consideration to this question and have concluded that failure of United Fruit Company to pay higher rates to IRCA is not a violation of this provision and, consequently, that no basis exists for suggesting that United Fruit is in contempt of court on this account.

You will observe that the quoted provision is very narrowly limited. It does not enjoin United from paying less than its competitors. It enjoins United Fruit from making any agreement with a carrier under which, as one of the terms, the carrier agrees that it "will not accord to competitors of United terms, privileges and treatment . . . proportionately equal to those accorded by the carrier to United".

There is no such agreement between United Fruit and IRCA. There is nothing in any of the agreements by which IRCA

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undertakes that it will not accord to competitors of United terms, privileges and treatment . . . proportionately equal to those accorded . . . to United". So far as the agreements with United Fruit are concerned, IRCA could make precisely the same agreements with a competitor of United Fruit. Therefore, it seems to us that the quoted provision of the antitrust judgment is not applicable to the present situation with IRCA.

You will recall in this connection that some while ago the matter was raised whether paragraph 22 of the contract between United Fruit and IRCA dated September 15, 1904 was in violation of the antitrust judgment as quoted in the first paragraph of this letter. Paragraph 22 of the 1904 contract was as follows:

> "22. The Railway Company shall not during the period of 10 years and the extensions as aforesaid without the express consent of the Fruit Company approved by vote of its board of directors or executive committee afford to any person, firm or corporation any of the special facilities such as special trains, acceptance of fruit at places other than regular stations or otherwise in respect of bananas intended for carriage by the Railway Company nor shall it without such consent as aforesaid carry bananas for any person, firm or corporation over its railway or any part thereof for any rates of compensation less than the said sum of 20 cents American gold per bunch of firsts, 10 cents American gold per bunch of seconds and 6 2/3 cents American gold per bunch of thirds.

There was some question in my mind whether this paragraph had been in effect in recent years and I also was informed that no attention had been paid to it for many years. In any event, the paragraph was formally cancelled by agreement of the parties and is, therefore, no longer of interest with reference to the problem of the antitrust judgment.

Very sincerely yours,

Inzer B. Wyatt

DX 76

MEMORANDUM

963A

May 14, 1958

Mr. Leonard:

Herewith I send you for filing agreement between the United Fruit Company and the International Railways of Central America dated April 15, 1958, and providing for the cancellation of Paragraph 22 of the Traffic Agreement of September 15, 1904. I am also sending you a copy of the covering letter of Mr. Tennyson.

James McGovern

Attachments

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JAN 25 1974

DEFENDANTS DX 78

15 Exchange Place
Jersey City 2, N. J.

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April 3, 1958

Mr. Emery N. Leonard, Secretary & Treasurer
United Fruit Company
80 Federal Street
Boston 10, Massachusetts

Dear Mr. Leonard:

With further reference to your letter of March 20, 1958, I advise that the Board of Directors of International Railways of Central America, at its meeting held today, adopted the following resolution

> RESOLVED, that the proper officers of this Company be and hereby are authorized and directed to agree with United Fruit Company on the cancellation of paragraph 22 of the Traffic Agreement between this Company and United Fruit Company dated September 15, 1904, and to execute such document or documents as they, with the advice of counsel, may deem proper to effect such cancellation.

Yours very truly,

Frank I. Tennyson,
Vice President

FIT:jc

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AGREEMENT

between

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

and

UNITED FRUIT COMPANY

For Cancellation of Paragraph 22 of the Traffic Agreement of September 15, 1904, as amended by the Supplemental Traffic Agreement of September 15, 1913.

Dated 15th April 1958

Secretary's Office

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This Agreement entered into this the 15th day of April 1958 between the INTERNATIONAL RAILWAYS OF CENTRAL AMERICA, incorporated under the laws of New Jersey, hereinafter called the Railway Company, of the one part, and the UNITED FRUIT COMPANY, also incorporated under the laws of New Jersey, hereinafter called the Fruit Company, of the other part;

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WHEREAS the Fruit Company and the Guatemala Railway Company, predecessor of the Railway Company, entered into an agreement called "Traffic Agreement" on September 15, 1904; and

WHEREAS the Fruit Company and the Railway Company entered into an agreement called "Supplemental Traffic Agreement" on September 15, 1913, amending certain of the provisions of the Traffic Agreement of September 15, 1904; and

WHEREAS the parties desire to cancel paragraph 22 of the Traffic Agreement of September 15, 1904, as amended by paragraph VI of the Supplemental Traffic Agreement of September 15, 1913;

NOW THEREFORE in consideration of the premises, the parties hereto have agreed as follows:

1. Paragraph 22 of the Traffic Agreement of September 15, 1904, as amended by paragraph VI of the Supplemental Traffic Agreement of September 15, 1913, is hereby cancelled.

IN WITNESS WHEREOF the International Railways of Central America and the United Fruit Company have caused these presents to be executed by their officers thereunto duly authorized the day and year first above written.

ATTEST:

W. H. E. [illegible]
Assistant Secretary

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

By [illegible]
Vice President

ATTEST:

[illegible]
Assistant Secretary

UNITED FRUIT COMPANY

By Tommy N. Leonard
Secretary and Treasurer

Dx 78

COMPAÑIA AGRICOLA DE GUATEMALA
Office of the Manager

967A

Tiquisate, Guatemala
August 23, 1958

Mr. C. E. DeLawder:

Mr. Bump's Circular No. B-20 dated August 12th deals with the very important subject of blowdowns, and gives us food for thought. Blowdown losses continue to pose a great concern to all of us. At this writing losses are still being sustained as a result of sporadic wind storms. In reviewing the statistics of annual losses from blowdowns we find that since 1940 (when division was completely planted and producing) the minimum annual loss to date is 631,000 plants recorded in 1947. The average annual losses over this period is approximately 2 1/2 million plants. Since 1952 the average per year works out at approximately 1,770,000 plants lost.

In looking over the rainfall records for these years there appears to be little correlation between high rainfall and high losses or vice-versa.

There is no pattern to these devastating and destructive windstorms. A storm will leave destruction in its wake over a large area - and sometimes only a small area is affected depending upon the height and velocity of the wind. A good example of the latter was the small blowdown that occurred at Solola on the evening of the 17th with a loss of 10,000 unavailable over an area of 140 acres caused by a whirlwind and followed by rain. Also on the night of August 20th blowdown winds accompanied by driving rains swooped down and knifed into and completely flattened 400 acres of Verapaz farm. As a result, doublings and uprootings accounted for 70,000 unavailable losses. This is typical of the rainstorms that strike with violent force throughout the banana zone at different times during the rainy season. Damage is more severe and extensive where fruit is hanging. This was particularly noticeable after the June 12th blowdown when most of the plantilla areas surprisingly withstood the storm - although leaf surface was badly battered. Maximum wind velocity for this storm was recorded at 32 MPH in Tiquisate. It is further observed that in the lighter type soils uprootings or tip-overs are heavy because of tallura damage. It is not infrequent to see young suckers uprooted along with mother plant necessitating heavy supplying in many sections as a result of these storms.

These windstorms are so severe that windbreaks, propping, guying and other protection devices have been ineffective to date. Even the established windbreaks show damage. I have given this important matter a lot of thought like everyone else, but regret I have nothing constructive to offer as a solution to the problem.

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It is established practice to bring the blowdown areas back to production in the shortest possible time with liberal applications of nitrogen fertilizer, etc. During the current year this division shipped 57% of the annual estimated production before the June 12th blowdown. Our aim is to increase this percentage if possible. But with a blowdown season of 4-5 months or more, the areas that are damaged late in the season fall into the following years orbit of windstorms - before production can be realized. It is, as everyone realizes a vicious circle.

Crop or time pruning has been only partially effective to date because of the difficulty to apply in practice, in addition to factors that exist in the climate-plant relationship, and length of blowdown season.

It is customary or normal agricultural practice for blowdown areas to carry a heavier plant population depending on soil and plant growth conditions. In other words, all of last years blowdown areas in the Siguacan district were carrying a population of over 400 mother plants per acre. All of these areas, despite the heavy population, sustained heavy losses where fruit was hanging. A typical example is Totonicapan farm with a maximum population of over 400 mother plants per acre and loaded with hanging fruit went down like ten-pins on June 12th. Despite the fact that we are planting for population and maintain as heavy a population as dictated by soil and plant growth - losses from blowdowns occur.

Apart from blowdowns, continued emphasis is being given to the protection (guying and propping) against normal losses reported on Line 10 - Form 2102 - Other causes - specifically uprootings and doublings. The proposed planting of bamboo with irrigation at Verapaz farm should give us a start on a steady source of propping material. Without irrigation the scattered plantings throughout the division take a beating every dry season.

In conclusion, like many of us I am most hopeful that the semi-dwarf Cocos banana will prove to be the answer to our problem in minimizing annual losses from blowdowns. It is my considered opinion that the increase in blowdown losses has not been due to any change in agricultural practices. The records show more frequent windstorms the past two years as compared with years 1953, 1954, 1955 and 1956. In 1957 there were a total of 24 separate blows recorded between 4/14/57 and 9/1/57. During the current year we have recorded to date a total of 15 separate blows as compared with an annual average of 12 windstorms between 1953-1956. The foregoing would lead us to believe that because of more frequent blows our losses are higher.

Attached is data showing blowdowns by dates and annual losses sustained since 1940.

W. T. van Diepen

cc: Mr. W. L. Tailon
Mr. W. M. Palmer

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

15 EXCHANGE PLACE

JERSEY CITY 2, NEW JERSEY

OCT 6 1958
RECEIVED

October 3, 1958

To the Stockholders of

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA:

Since our last letter to you on August 8, operating conditions in Guatemala have further deteriorated. As a result, the figures for July show an overall loss by the Company of $129,907 and for August a loss of $169,155. For the eight months ending August 31, 1958 there was an overall loss by the Company of $177,486.

As you know, there have been negotiations in Guatemala off and on for over a year between your Company and SAMF (the Railwaymen's Union). The object of these negotiations has been to reach an agreement with the union covering wages and other working conditions for a reasonable period in the future. The Minister of Labor in Guatemala, and other Guatemala officials, have participated in the negotiations. The demands of the SAMF for wage increases (over $3,000,000 increase on an annual basis) have been far in excess of your Company's ability to pay; indeed, the fact that operations in Guatemala are now conducted at a loss dictates a prompt reduction in expenses.

As one of the means of accomplishing a reduction in expenses, the Company has determined that certain overtime work not absolutely essential must be discontinued and, to the extent possible under Guatemala labor laws, that unnecessary personnel must be eliminated. These steps to bring expense into line with income meet with strong opposition from the SAMF.

We would remind the stockholders that these labor negotiations have taken place against a background of disturbed political conditions in Guatemala. A presidential election in October 1957 was followed by rioting and other civil disturbance, and at the end of November 1957 a strike called by the SAMF against your Company halted operations for several days.

We would also remind the stockholders that, although the lower court in New York has ordered United Fruit Company to pay higher rates for services, both for the past and for the future, this judgment has been appealed and we are not able to collect anything under the judgment unless and until it is finally affirmed by the appellate courts.

We now report the developments which have taken place since our August 8 letter.

On August 19, Mr. Bradshaw, as President of your Company, and our Guatemala counsel met with the President of Guatemala and the Minister of Labor. Mr. Bradshaw explained in detail why your Company could not possibly grant the wage increases demanded by the SAMF. Mr. Bradshaw submitted a memorandum on this subject and also emphasized that certain overtime work would have to be eliminated, and also unnecessary personnel.

On August 28, September 19, and September 24, discussions took place at the Ministry of Labor at which your Company was represented and at which efforts were made to reach an agreement with the union. On September 24, your representatives were obliged to notify the Minister of Labor and the SAMF that as of September 25 all overtime work not absolutely essential would be discontinued. It was explained that the losses now being sustained in Guatemala made it imperative for your Company to institute economies at once. An explanation of the Company's action was also made by Mr. Bradshaw

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in an open letter, distributed to all workers and published as an advertisement in the Guatemala City newspapers on September 25. A copy of an English translation of Mr. Bradshaw's open letter is enclosed for your information.

Meanwhile on August 26 negotiations broke down between Compania Agricola de Guatemala (a United Fruit Company subsidiary which operates banana plantations in Guatemala) and the union of its workers. Wage increases had been demanded, which Agricola did not grant. On September 9, Agricola shut down all its operations except for hospital, water and electric services. The SAMF published an advertisement supporting and sympathizing with the position of the Agricola union. A settlement was reached on September 25 between Agricola and the union. It is understood that this settlement did not include a wage increase, but included some payment to the workers for the period during which operations were shut down.

On August 29, the Supreme Court of Guatemala handed down a decision that the decree of the President of Guatemala, dated November 27, 1957, appointing an "interventor" for this Company (see circular letter to stockholders of December 17, 1957) was of no effect. The reasoning of the Supreme Court appears to be that the emergency under which the decree was made had come to an end within a few days after the decree.

On September 4, the Supreme Court of Guatemala handed down a decision denying an application by this Company for an injunction against an order of the President of Guatemala directing the Company to pay workers for the time of the November 1957 strike during which they did not work (see our circular letter to stockholders of December 17, 1957). The reasoning of the Supreme Court appears to be that the illegality of the strike has not yet been determined by the Labor Court.

On September 13, the Company delivered to the Ministry of Labor its reply to, and its analysis of, the Report of two of the three members of the Commission of Auditors appointed to ascertain the ability of your Company to grant the wage increases demanded by the SAMF. This Report was described in a circular letter to stockholders of August 8, 1958. The Company's reply demonstrated that the Report was inaccurate and untrue and, therefore, was entirely unreliable.

In distributing from time to time these circular letters of information to stockholders, it is not our purpose to be, or to appear to be, unduly pessimistic. But conditions for the Company in Guatemala are, as you can see, extremely grave and we believe it to be our duty to report the facts to the stockholders.

Whether the attempt to introduce necessary economies in Guatemala will lead to a strike is, at this writing, uncertain.

There have been heavy floods in Guatemala this week along the Motagua River, which runs close to the railway from about Entre Rios to El Rancho on the line between Puerto Barrios and Guatemala City. At San Pablo (about Mile 94), the flood waters have reached the highest point in history, have covered the tracks and all traffic is now suspended. We fear that there will be substantial damage to the tracks. There are also serious slides and washouts between Zacapa and the El Salvador border, causing suspension of traffic for several days.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

By G F Beal

GERALD F. BEAL
Chairman of the Board

DK 83

(Translation)

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

Open Letter to All Its Workers and Employees in Guatemala

I am addressing this letter to you in order to request you in a most earnest and emphatic manner to kindly listen to me so that with a proper understanding of the honorable intentions which motivate it, and of the true situation which the Company faces here in Guatemala, you will make a calm analysis of the circumstances and accept as a true statement what I state in this document:

Above all I wish to let you know that unfortunately the business of the Company is so bad that its situation is really critical, for which reason it is absolutely impossible to accede to the demands which have been presented by the leaders of the SAMF; and I regret to tell you also that if we do not obtain an improvement in the economic situation of the Company it is not going to be possible to even maintain the salaries which are now being paid you at the present time, nor grant the other benefits which we have had to maintain, exceeding those granted by the Labor Code.

This situation is due, among other reasons, to the strong competition of trucks, as a logical result of the construction of new highways, many of which parallel the railway, which has compelled the Company to reduce its freight rates in a very substantial manner, which, with the loss of a large amount of freight and a large number of passengers formerly transported by the railway, has resulted in an enormous reduction in the Company's revenues. This competition is unfair because, while the Company has to spend large sums of money on the maintenance of its railway lines, bridges, etc., the trucks and buses do not have to pay any special contribution for the upkeep of the highways. Also the continual demands by the leaders of the SAMF that the Company give benefits which it cannot give, such as that of wanting to force the Company to pay overtime when there is no work requiring overtime service, and the high cost of fuel oil, materials, spare parts, etc., are important factors which have substantially increased the Company's expenses to such a point that they exceed the amount of its revenues.

As a result of the circumstances mentioned (plus the loss of 90% of the banana traffic) the Company's operations here in Guatemala during the first eight months of this year, from January to August inclusive, show a loss of nearly one million quetzales (Q941,889 to be exact). In the month of August alone the Company lost in Guatemala the sum of Q323,156, and it is almost certain that the loss in the month of September will exceed that of August and that the losses for the nine months of this year will be Q1,300,000 more or less. What is more serious for the Company and for you is that this is not a temporary situation but, unfortunately threatens to be permanent, with the added disadvantage that its future, far from offering prospects of improvement lead to the assumption that its situation will [illegible] more critical.

The Company has been repeating during many years, in all sincerity and good faith, that it was being placed on the verge of bankruptcy without any attention being given and it is now obvious that what was stated is the truth, as it is impossible to continue operating without any profit, but instead facing heavy losses. Some of you possibly will not believe what I have just informed you because you will consider that the Company is exaggerating in describing the critical situation in which it finds itself but unfortunately there is no such exaggeration and what I state is in strict accordance with the true facts.

In view of the foregoing I find myself obliged to request you to accept in good faith what I have explained and that, making a sacrifice on your part, you do not oppose the Company's maintaining in effect the emergency measures which it may consider prudent, all tending to obtain maintenance of its service for the good of the country, of the majority of you and of the Company itself in order to guarantee to you your work to the greatest extent of our ability.

Yours faithfully,

THOMAS BRADSHAW

President of
International Railways
of Central America

Guatemala, September 25, 1958

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

15 Exchange Place

Jersey City 2, New Jersey

November 10, 1958

To the Stockholders of
INTERNATIONAL RAILWAYS OF CENTRAL AMERICA:

The situation of the Company in Guatemala continues to worsen. Through August 31, 1958 the Company lost $941,889 on Guatemala operations. The loss in Guatemala for September was $289,418, or a loss in Guatemala through September 30, 1958 of $1,231,307. Figures on October operations are not yet available, but it is believed that a loss in Guatemala of about $250,000 was sustained.

Because operations in El Salvador show a profit, the overall loss (after tax adjustments) of the Company through September 30, 1958 was $310,875.

Our last report to stockholders dealing with the grave condition of affairs in Guatemala and with the Company's struggles there was on October 3, 1958.

As you will recall, the root of the difficulty is that current losses oblige the Company to reduce expenses, while at the same time the Guatemala railway union (SAMF) is demanding enormous wage increases.

On October 3, there was a meeting with the SAMF at the Ministry of Labor. No progress was made.

On October 14, the Company proposed, through the Minister of Labor, that settlement be reached on a wage increase of $100,000 for workers receiving $50 per week or less conditioned on an agreement by the union and by the government that the Company should have a free hand to reduce expenses by elimination of unnecessary employees, etc. It was felt by the Company that this last condition, if agreed upon, would afford the possibility of bringing expense in line with income despite a wage increase. Without such an agreement the Company felt that any effort to reduce labor expense would be frustrated by the union, either through lawsuits under the Guatemala Labor Code or otherwise.

JAN 25 1974 DEFENDANT'S
DX 89

The SAMF refused to accept any part of the October 14 proposal made by the Company.

On October 14, a cable message was sent in Spanish by the Board of Directors of this Company to the President of Guatemala, reading in English translation as follows:

"Mr. President. With all respect the Board of Directors of IRCA wishes to place before you and to put on record the fact that owing to the disastrous results of its operations in Guatemala the financial situation of the Company at the present time is so serious that if it is not authorized and given complete freedom of action to put in effect immediately energetic measures to substantially reduce its expenses the Company in the very near future will find itself in the position of not being able to pay its workers and employees nor to meet other expenses necessary to maintain service such as purchase of fuel oil, etc. The revenues of the Company in Guatemala during the past four months have not been sufficient to pay these expenses and only by means of the transfer of money from El Salvador has it been able to pay its workers in Guatemala and only by drawing on its limited funds in New York has it been able to pay for fuel oil for Guatemala. Such funds are indispensable as a reserve to enable the Company to meet emergency situations such as for example that which occurred in Guatemala in the year 1949 when heavy floods caused damage which cost the Company more than one and a half million dollars. a few weeks ago the Company nearly faced a similar situation. The Board of Directors with due respect urgently request the President that the foregoing be taken into account when the Company, although it is the first one to regret it, has to insist that its financial situation is such as to prohibit it from granting the demands of the SAMF in spite of its great desire to arrive at a settlement of the problem not only in order to work in harmony with the Union and the workers but also in order to avoid difficulties and trouble for your Government. Your obedient Servant G. F. Beal Chairman of the Board IRCA"

No reply to this message was received.

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On October 8, the SAMF, acting under the Guatemala Labor Code, filed an "economic-social conflict" with the Labor Court in Guatemala. The first stage of this proceeding is a "conciliation" before a "Conciliation Court", which can make recommendations for settlement of the "conflict". This action by the SAMF appears to be contrary to an agreement made on April 8, 1957 by which the SAMF and the Company agreed that only the Minister of Labor could declare a breakdown in the negotiations between them. No such declaration has been made by the Minister, although he has been requested by the SAMF to do so.

On October 21 and again on October 31, there were meetings attended by the President of Guatemala, members of his cabinet, representatives of the SAMF and of the Company, and the press. On October 31, the Company proposed a wage increase of $200,000, subject to the same condition as in its proposal of October 14, namely, that the Company be allowed to reduce its labor expense without interference by the union or by the government.

It doubtless appears illogical for a Company losing money and needing a reduction of its expenses to be offering a wage increase. The explanation is that the Company hoped to reduce its labor force and thus its overall labor expense by agreement with the union, even though some wage increases were made.

The October 31 proposal, however, was rejected by the SAMF.

On October 29, a special meeting of the Board of Directors met to consider the crisis in the Company's affairs in Guatemala. The President of this Company had come from Guatemala and attended the meeting; counsel was present. Following this meeting a cable message was sent in Spanish to the President of Guatemala reading in English translation as follows:

> "We respectfully refer to our message dated the 14th inst. and wish to inform you that since then the financial situation of the Company continues to deteriorate in such an alarming manner for the future that we feel obliged to address ourselves to Your Excellency again. When we sent our previous cable, we had the results of the Company's operations in Guatemala during the first 8 months of this year up to the end of August, which gave a loss of $942,000, results verified by independent auditors of international repute. We now have the results of the month of September, which gave a loss of $290,000. It is not possible for us to continue to cover said losses sending funds to Guatemala from El Salvador and from the reserve funds in the United States, which are very small and barely sufficient for current requirements without counting upon an adequate

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reserve for emergencies. We have done everything possible to support your efforts towards settling the conflict with the SAMF, for which reason we have authorized some salary increases for the workers in spite of the enormous losses referred to. Said increases have been authorized in the hope that, complying with your suggestions, immediate settlement can be arrived at by means of which we can reduce our expenses eliminating unnecessary personnel and taking other necessary steps in order that the heavy losses in Guatemala can be reduced or eliminated, even though some salary increases are granted.

"As the present situation threatens the well-being of the Republic, with all respect we wish to inform you that the Board of Directors is willing to favorably consider a proposal by the Government for the purchase of all the properties of the Company in Guatemala. The purchase price can be determined by means of arbitration in accordance with the procedure established in the Contract between the Government and the Company of the year 1904.

"The present situation of the Company is such that if it is not possible to find a prompt solution it will be obliged on its own initiative to reduce its expenses by means of the reduction of unnecessary personnel and to take other steps which it is authorized to take by Article 10 of its contract with the Government of Guatemala of the year 1904, which forms part of the laws of Guatemala in accordance with legislative decree No. 581 of the same year.

"We assure your Excellency of our most sincere cooperation, but our duty to the employees and creditors as well as the shareholders of the Company compels us to advise you of the necessities of the situation herein outlined and the steps which we will have to take in case of necessity. Your obedient servant. G. F. Beal. Chairman of the Board."

We call your attention to the second paragraph of the message above in which it is stated that the Board of Directors of this Company "is willing to favorably consider a proposal by the Government for the purchase of all the properties of the Company in Guatemala". We have been advised that on November 8 a reply to this message by the President of Guatemala was delivered to the Company in Guatemala. We are advised that this reply accepts in principle the idea of a purchase by Guatemala of the properties of this Company in that country.

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Meanwhile, the "conciliation" proceedings before the Guatemala Labor Court are taking their course. The Labor Court, under the Guatemala Labor Code, has notified the parties that they are ordered not to take "reprisals" against each other and that violation of this order will result in fines and imprisonment; the Court also declares that the Company may not discharge any employee without the permission of the Labor Court.

It appears, therefore, that there will be no agreement made with the SAMF, which continues to demand wage increases from an enterprise already losing money at a heavy rate. It also appears that the Company is involved in proceedings under the Guatemala Labor Code which make any early reduction of expenses virtually impossible.

To sustain operations in Guatemala this year, the Company has transferred to that country funds received from operations in El Salvador and has used its funds in the United States to buy fuel oil and other supplies for Guatemala. The directors do not feel that continuing losses in Guatemala can properly be met in this fashion because Guatemala losses will thus absorb all of the Company's present cash on hand and leave it entirely without funds.

Under these circumstances, it appears inevitable that the time will soon come when payrolls in Guatemala cannot be met nor fuel oil made available there. This will force a suspension of operations in Guatemala so far as this Company is concerned, with such far reaching consequences as the stockholders may easily visualize.

You have noted above that the President of Guatemala has indicated his acceptance in principle of the idea of a sale of its properties in Guatemala by this Company to the Government of Guatemala. No such sale can be made unless authorized by the stockholders of this Company.

We shall pursue the matter to see if an agreement of purchase and sale can be reached with the Government of Guatemala which could properly be submitted to the stockholders.

Whether suspension of operations (as indicated above) can be postponed pending discussion of a purchase and sale with the Government of Guatemala, remains to be seen. We will continue to keep the stockholders advised.

INTERNATIONAL RAILWAYS OF
CENTRAL AMERICA

By

T. BRADSHAW
President

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(Extra Copy)

Annual Report

INTERNATIONAL RAILWAYS
of
CENTRAL AMERICA

1958

15 EXCHANGE PLACE
Jersey City 2, N. J.

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view of the critical situation of the Company in Guatemala. This is reflected in a reduction of over $500,000 in the value of material stocks on hand at the end of 1958 as compared with 1957.

The situation was such that until the Labor Court of Appeals handed down its final decision on February 12, 1959 there was danger that the Company would be obliged to suspend operations in Guatemala rather than continue to utilize its cash resources from outside that country for the purpose of meeting its Guatemala payrolls and other current expenditures for which the Guatemala revenues were insufficient.

This danger has now been greatly reduced but it has not disappeared and it remains to be seen whether expenses can be sufficiently reduced in Guatemala to permit satisfactory operations there.

It is absolutely essential to conserve cash on hand insofar as is possible, because even though there is a possibility of putting into effect a complete reorganization in Guatemala and eliminating a considerable number of workers, this will entail heavy expense for severance pay, the benefits from which will not be reflected in the operating results in the current year. Cash on hand has already been reduced very substantially and the prospects are that the drain on cash will continue for several months.

LABOR

Stockholders have been kept informed by circular letters of all developments in connection with the labor dispute in Guatemala which created a very difficult and serious situation for the Company during almost the entire year. This was due to the unreasonable demands of the Labor Union (SAMF) which were far beyond what your Company could afford and their attempt to take over many of the functions of management. Innumerable conferences were held between the Directors of the Union and the Company representatives, many with the personal intervention of the President of the Republic and the Minister of Labor, as well as various other high Government officials. The arbitrary attitude of the Union, against a troubled local background, made it impossible to reach a satisfactory solution to these problems before the end of the year. The negotiations in the Ministry of Labor were declared broken down by

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the Minister on December 2, 1958. This problem has passed through the stages of direct negotiations, suit against the Company in the Labor Court, Conciliation, and finally a strike on January 17, 1959, resulting in Government Intervention and Militarization of all the Company's properties in Guatemala on that same date, which resulted in the return of the workers to their jobs after a 2½ hour effective stoppage of work. On January 31, 1959, the Labor Court handed down a decision with which your Company felt it could not possibly comply, an appeal was accordingly taken. On February 10, 1959, the Labor Court of Appeals handed down a decision and on February 12, 1959, clarified the previous decision. This decision grants salary increases of $400,000 per year, but we believe gives the Company an opportunity to place its operations on a more efficient and economic basis. It will be necessary to reorganize most of the Company's departments in order to be able to operate without a loss—this latter is scarcely possible during 1959 due to the fact that in order to eliminate surplus personnel very heavy expense will be involved for severance pay to discharged employees. The collective contract, of which the decision of the Labor Court of Appeals will form a part, was approved by Government Decree dated February 28, 1959 and made effective as of March 1, 1959 for a period of two and one-half years.

There were no serious labor difficulties experienced in El Salvador by your Company during the past year.

STOCKHOLDERS' DERIVATIVE ACTION

Since the last Annual Report, appeals have been heard by the Appellate Division of the New York Supreme Court in the action brought in the name of your Company by Charles B. Ripley and other Stockholders against United Fruit Company. After submission of extensive briefs, oral arguments took place before five justices of the Appellate Division. The case is now under consideration by the Court but it will probably be several months before a decision is handed down.

DIRECTORS

At the annual meeting of stockholders held on June 4, 1958, it was announced that Mr. Oliver Grace, among others, had been

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elected a member of the Board of Directors. It was later found that an error had been made in the counting of the votes at the Annual Meeting and as reported in our Circular to Stockholders of August 8, 1958, the election of Mr. Grace was challenged by Mr. Walter B. McGregor by a proceeding brought in the Superior Court of New Jersey against the Company. As a result of this suit, Mr. McGregor became a member of the Board in the place of Mr. Grace.

For reasons of health the President of the Company, Mr. Thomas Bradshaw, felt it necessary to resign as President and as a Director effective March 31, 1959, and the Board accepted his resignations with great regret. Sincere thanks and appreciation are extended to him for his untiring efforts and fine work during his fourteen years as President of the Company. The vacancy on the Board created by his resignation was filled by Mr. H. W. Haase, formerly Executive Vice President of the Company, who was also elected President of the Company, effective April 2, 1959.

Five of the present Directors of the Company are not candidates for re-election at the Annual Meeting of Stockholders to be held on May 27, 1959. They are Messrs. Gerald F. Beal, Lewis S. Chanler, Jr., W. Palmer Dixon, George Leib and Harold A. Sutphen.

GENERAL

The Atlantic Highway, connecting Guatemala City and the Atlantic Ports of Matías de Gálvez (previously Santo Tomás) and Puerto Barrios, is almost completed; only two bridges and the paving of approximately 100 kilometers of the highway remain to be done. Trucks and passenger buses are operating in numbers over the highway which is increasing our serious competitive problem on imports, exports, local freight, express and passengers. We have had to make many rate reductions in an effort to retain this business and in the future will have to face the serious fact of making still further rate reductions in order to retain traffic and endeavor, if possible, to regain business lost. This is one of our extremely serious problems and we can expect large decreases in revenues as a result of this increasing competition.

The construction of the rail connection between our main line, a short distance from Puerto Barrios, and the Government Atlantic

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port of Matías de Gálvez, was stopped by Government order in July, 1958, and up to the present time no further work has been done on it.

As advised in the circular letter sent on August 8, 1958, to our Stockholders, the Company secured a favorable decision from the Guatemala Government by resolution of the Minister of Finance, dated May 16, 1958, in connection with the claim of the Government for approximately $12,000,000 for taxes on dividends and interest payments alleged to have been made to non-residents of Guatemala. The Minister's resolution declared that the Company and its stockholders are exempt from the payment of all Guatemala taxes in accordance with the contracts entered into with the Government. This resolution confirms previous rulings made by the Guatemala Government in May, 1948 and June, 1955, to the effect that the Company is not subject to the payment of the so-called Charity Tax which has been the subject of discussions with the Government of Guatemala for many years.

We have been presented with an informal claim by the Government of El Salvador demanding a percentage of our wharfage revenues at Cutuco dating from 1938, which percentage it is estimated amounts to about $600,000. We are hopeful that we can secure a satisfactory settlement of this question as our position, based on advice of our local attorneys, is that there are no legal grounds for this claim which has been brought up by the Government Accounting Department.

Business generally in El Salvador was good and the future outlook is favorable. In Guatemala labor difficulties, serious highway competition, and rate reductions do not permit an optimistic outlook for the immediate future.

Our export tonnage and revenue suffered a severe blow in June, 1958, when the Pacific Coast banana plantations of the Compañía Agrícola de Guatemala at Tiquisate and the Standard Fruit Company plantations near Ayutla in the vicinity of the Mexican border, were almost completely blown down. Banana production from these areas is now back to normal with very heavy shipments at the present time.

Both the coffee and cotton crops for 1959 are estimated to be at least equal to the 1958 production.

DX92

Retype of DX 101 (page 1)

7821

June 3, 1959

VIA AIR MAIL

PERSONAL

Mr. Harold W. Haase, President
I. R. C. A.
Guatemala City, Guatemala, C.A.

Dear Mr. Haase:

Returned herewith is the file of papers you left with me in the matter of rates charged to Cia Agricola for solid cars of import merchandise moving through Puerto Barrios to Tiquisate for sale at retail.

I do not think I am competent to comment upon the adequacy or inadequacy of the rates currently charged which rates, as I understand it, were fixed by agreement between the parties some years ago.

However, as the matter of the rates charged to U.F. Co. and Cia Agricola is presently being considered by the Appellate Division of the New York Supreme Court with the possibility of a decision being handed down at any moment, it would seem that no rate changes should be made in the meantime.

Yours very truly,

Frank I. Tennyson

FIT:cm
Encl.

Dx 101

Car 8238, capacity 60,000 lbs. Freight actually collected $525.00
Car moved March 19, 1959.
Freight would have been at Public Import Tariff rates:

7,600	lbs at	$0.60 per 100 lbs.	$45.60
105	"	0.63	.67
23,204	"	0.65	150.83
3,374	"	0.80	27.00
2,214	"	0.95	21.04
594	"	1.45	8.62
1,647	"	2.18	35.91
	Total		$289.67

Car 5124, capacity 50,000 lbs. Freight actually charged 437.50
Car moved December 31, 1958
Freight would have been at Public Import Tariff rates:

15,400	lbs. at	$0.60 per 100 lbs.	92.40
13,941	"	0.65	90.62
3,336	"	0.80	26.69
1,149	"	0.95	10.92
557	"	2.18	12.15
			232.78

Car 1479, capacity 40,000 lbs. Freight actually charged 350.00
Car moved January 16, 1959
Freight would have been at Public Import Tariff rates:

11,400	lbs. at	$0.60 per 100 lbs.	68.40
16,223	"	0.65	105.45
3,846	"	0.80	30.77
174	"	0.95	1.66
371	"	1.45	5.38
581	"	2.18	12.67
	Total		224.33

These cars were not loaded to full capacity.

At time these carload rates were agreed upon with the Cia. Agricola de Guatemala, Import rates were much higher than they are at present, the comparisons being approximately those given below:

Present rate $0.60 per 100 lbs. Formerly $0.92 per 100 lbs.
0.65 0.51 per cubic feet plus 0.60 per 100 lbs.

#Sentence totally illegible.

DX 101

0.80 per 100 lbs. Formerly $2.38 per 100 pounds.
0.95 " 2.38 " " "
2.18 " 2.38 " " "

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Annual Report
JAN 24 1974

INTERNATIONAL RAILWAYS
of
CENTRAL AMERICA

1959

15 EXCHANGE PLACE
Jersey City 2, N. J.

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Annual Report to Stockholders, Year Ended December 31, 1959

REVENUES

Railway operating revenues for the year 1959 were $13,219,467. Revenues show a decrease of $1,138,521 as compared with the year 1958 due to a decrease in all classes of revenue except that from Coffee, Bananas and Other Exports.

Comparing 1959 with 1958, the increases are as follows: export bananas $196,050; coffee $3,123; all Other Exports $104,609, for a total of $303,782. Decreases were sustained as follows: Imports $732,121 due to increased highway competition and severe rate reductions which this trucking competition made necessary to retain traffic; also to Government restrictions on importations, including both increased import duties and embargoes, and to a certain extent business recession caused by continued low coffee prices in world markets; a decrease of $247,844 in local freight caused chiefly by highway competition, necessary rate reductions and less satisfactory business conditions in the country; a decrease of $91,583 in Miscellaneous as a result of reductions in port charges, less efficient services from port labor, and diversion of some import/export traffic to the adjacent port of Matias de Galvez; a decrease of $370,755 in passenger revenue caused by greatly increased bus competition and less travel generally due to unsettled conditions.

EXPENSES

Railway operating expenses for 1959 amounted to $14,022,619 which includes the expenditure in Guatemala of $807,495 for severance pay to employees whose services were terminated by the Company. Under Guatemala law, when reductions in personnel are made by the employer he must indemnify each worker dismissed from service by a payment equivalent to one month's wages for each year of service.

Excluding severance pay, for the purpose of comparison, railway operating expenses in 1959 were $997,955 less than in 1958. Expenses decreased in all departments in spite of wage increases in Guatemala which the Company was obligated to pay under the labor contract concluded in the first part of the year after long negotiations. A substantial reduction was effected in the outlay for track ties in Guatemala through the use of a higher proportion of untreated native hardwood ties and correspondingly lesser use of creosoted ties, and on wharf and dock repairs. Mechanical Department costs were reduced by large-scale reductions in force, elimination of considerable overtime payments, and by reconditioning old or u[illegible] parts and fabricating

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industries such as cement plants, oil refineries, textile mills, cotton gins, paint, fertilizer and insecticide plants, etc., and some of these are already built and giving us additional revenue.

Your officers have been studying a plan for the complete dieselization of the railroad in both Guatemala and El Salvador. Calculations indicate sufficient economies in operation can be made to justify this modernization of the railroad, which is considered essential for the future economic well-being of the Company and to restore it to a profit making basis. This plan will require financing in an amount of approximately $14,000,000 and your officers are working on this at the present time. A loan amortizable over a term of twelve years has been sought. While there will be problems in installing complete dieselization, the savings in operating costs should enable us to meet all service charges on the loan and leave a good balance. Experts from both the International General Electric Company and the General Motors Corporation have visited Guatemala and El Salvador and have studied our conditions, problems, plans and requirements in this connection. General Motors Corporation has sent two diesel-electric demonstrater locomotives to us in Central America for trial and the International General Electric Company is planning to do the same.

There is still no rail connection between our main line and the new government port of Matias de Galvez. Work on this spur has not been renewed since the Government stopped it in July, 1958. However, recent conversations which the Company has had with the Government indicate that construction of this branch may be renewed soon. Meanwhile, Matias de Galvez is served only by trucks.

The Board of Directors wishes to thank and express its appreciation to our officers and employees for their loyal and diligent efforts in behalf of the Company during the year 1959.

HAROLD W. HAASE,
President.

JAMES McGOVERN,
Chairman of the Board.

April 20, 1960

DX 120

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Retype of DX 122

Tiquisate Jan. 12 1960

URGENT

DELAWDER

BARRIOS

DUE TO COLD NIGHTS FRUIT NOT FILLING OUT HAVE TO REDUCE ESTIMATES TO WEEK TWENTYTHIRD 55 THIRTIETH 65 SIXTH 75 ALL THOUSANDS

VANDIEPEN

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cc: Mr. W. M. Palmer
Mr. H. N. Forest

DX 122

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RE-TYPE OF DX 124

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Sunderland, Nichols and myself have just returned from a three week visit to the tropical divisions. In my opinion this was a particularly important trip and a timely one. Sunderland has at last had a chance to meet his people and they have had a chance to see who their new boss is. Nichols, as a new Executive Committee member, now has, I am sure, a much better "feel" for the Company. I came back convinced that the resources of our Company are very great indeed and interestingly responsive to leadership. So I bought another 200 shares of stock.

Frankly, it was not an easy trip - 15 different over-nights in 20 days isn't what you'd call restful. We did not go to Ecuador, Cuba, Jamaica or the Dominican Republic. Outside of that we touched down in nearly every place of significance. Let me make just a few observations.

GUATEMALA WEST - TIQUISATE was our first stop. Regularly and severity of blowdowns has kept new money out of this division but van Diepen has been resourceful. Our blowdown hope, the Cocos, has been interplanted with bearing Gros Michel at a cost of only $5 per acre. When the Gros Michel fruit is harvested the mat will be uprooted and a Cocoa will be nearing maturity. All Tiquisate farms will be irrigated by the undertree method within a few months. A substantial amount of pasture land has been prepared nearby and the herd is growing. GUATEMALA has a developing textile industry which must buy locally. Furthermore, the government has set rigid quality standards on length of cotton staple. We have a sizeable piece of land leased out to cotton growers on an attractive basis.

It was here we introduced the practice of assembling a group of key people with whom Sunderland could discuss some of the Company's problems and plans. These sessions involved wives and husbands. Main topics covered were concept of management, need for new headquarters, role of Management Committee, reason for Lacatan program, the Costa Rican situation and the Company's position, the Arthur D. Little study and what it was for. The reaction to these meetings by young and old alike was proof positive that this was the single most constructive thing we could have done. Over and over again we heard such comments as "perhaps you'll know what I mean when I tell you this is the first time I have ever really felt a member of the team." Clearly there is a great void to be filled and real promise in what a feeling of participation may do for morale and the health of the Company.

* handwritten notes. Some illegible

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GUATEMALA EAST - BANANERA now run by de Lawder. The temperature went down to 51 and undoubtedly did some damage. Cocos planting continues with seed shipped from TIQUISATE.

Two problems stand out in Guatemala. One of course is the IRCA about which we heard first-hand from Hasse, its president, whom we asked to fly in to meet with us. He appeared anxious to co-operate in every way possible and seemed thoroughly fed up with the Board of Directors' bickerings, particularly in connection with the time consuming decision of whether to buy GE or Westinghouse diesels. We saw ample evidence of freight inroads being made by trucks now that the road system has been developed. RYDER SYSTEM people from U.S. have bought up a local line and are bringing in big equipment which will make IRCA's job even harder. We must find a better way to bring West Coast fruit to market.

No small problem is that of severance pay. GUATEMALA requires one month for every year of employment. Approximate total liability in both divisions is $5 million. Some heavy layoffs last year influenced cost figures significantly. It seems to us our method of accounting in this regard does not make for proper cost comparisons and that steps should be taken to revise these methods to reflect such liabilities on a continuing basis through setting up a reserve. The very existence of such a liberal severance pay set up makes personnel transfers from Guatemala to other countries quite out of the question.

HONDURAS now being run by Munch. Our visit here coincided with the last day of a four-day research meeting attended by UF research personnel representatives from a number of areas. The top men on the Arthur D. Little job was here and this gave us a chance to discuss the program of the precooling and boxing program as well as the over-all study.

Trips to the field and flights over the farms clearly show how this division is spread all over the place. Much room for improvement here. Work force should continue being reduced and every effort should be made to consolidate physical facilities.

Government is serious about construction of big new airstrip at San Pedro Sula which might offer air cargo opportunities.

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We spent a day at the Escuela Agricola Pan Americana and were much impressed with Bill Paddocks. administration. The American Ambassador and his wife came to lunch and it gave us a good opportunity to explain the Company's new philosophy re continuing support. I think this matter is now understood. As a result of this policy, UF has selected ten boys from the graduating class.

COSTA RICA - GOLFTIC still being run by Block. This division still has a substantial amount of Panama free land available. Actually about 40,000 acres. Two new areas being being developed for associate producer activity.

We were told that another strike is likely later on. Then people have had a hard time and it has been quite a strain. Damage from algatoka when control was lost due to strike is not excessive.

In San Jose we spent the morning at Figueros country finca and had a fascinating discussion about the country and its people. We covered a number of matters ranging from his assessment of the strike to agreeing that it certainly was not a good idea for UF to lend money to Costa Rica. He developed at some length a most interesting reaction to our questions about associate producers. He sees the solution as some form of co-operative and urges the farms be of different sizes and that some stay large. The afternoon was spent with Avero (President of the Costa Rica railroad) who has been mailing out pamphlets. He seemed interested in certain Company developments and undoubtedly would like to be a director. In the evening we met the President and the Ambassador at Sanderson's house. Echandi gave Sunderland a hard time about the shortness of his trip and the seriousness of the strike.

We learned that the law which was passed was thoroughly discriminating and designed to catch UF specifically. In setting the levels of applicable earnings however the figure that was chosen succeeded in trapping some 20 - 30 other companies. We have one of the Company lawyers living down there now to keep abreast of legal moves in dealing with this matter.

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Our visit to San Jose accentuated the Company's need to re-examine its city representation carefully in all these countries to determine just what sort of job is necessary and what type of personnel are best qualified to accomplish this job.

PANAMA West Coast Armuelles still under Holcombe. An extremely impressive operation in all respects. Given a break in the weather, Armuelles will have quite a year. Of particular interest here is the wind control program now in an advanced stage. A radar observation post has been built near the golf course and silver iodide seeding planes are vectored out at the first sign of a threatening cumulus build up. Evidence tends to support their claims that seeded clouds can smother an incipient storm.

Armuelles now applies its area in solution by undertree irrigation simply, evenly and cheaply. They have also developed a technique of uprooting and destroying Panama diseased mat and using a cover crop before replanting. There seems to be something quite unique about Armuelles soil which keeps Panama disease from spreading.

Holcombe is concerned about the Costa Rica situation and has developed a proposal for turning over Armuelles' 7,000 acres of Costa Rican land to associate producers.

Armuelles represents extremes in housing. There are rows of shameful barracoons and some spic and span new one family houses. The barracoons must be eliminated but the cost is awfully high, about $500,000. I think a start must be made and some money for that use must be restored to the budget, particularly in view of the low-cost long life nature of the Division. The spic and span new one-family houses are a development of the employees' credit union. They developed a co-operative plan whereby UF donates the site and all further work and financing is assumed by the members of the co-operative.

Holcombe arranged for us to meet the President informally out at the Golf Club in Panama. It worked out very well indeed, particularly when Nichols discovered him to be a Dartmouth graduate! Company Government relations appeared to be very solid.

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PANAMA - East Coast - ALMIRANTE now comes under over-all direction of Holcombe. New man going there as assistant manager. This area is virtually out of business and figures itself lucky to ship out 500,000 stems of Gros Michel fruit. The LACATAN experiment was started here because the divisional set up will support about 5-6 million stems a year.

All hands are very excited about the new program and every effort is being made to make every step in the experiment a success. There is a sizeable amount of Lacatan coming to bearing and it looks good. Conversion of the abaca facilities to pre-cooling progresses well and all machinery should be set up and running by May 1.

The American Sumatra Tobacco Co. has a man on the spot investigating the possibilities of growing in this area.

COLOMBIA - SEVILLA is still being run by Strange. Greatest need in this division, in view of historical wind losses, is to plant Cocos. Government import restrictions make this impossible.

Nearly two years of study have gone into the Turbo area, bordering the Gulf of Uruba about _____ miles west of Sevilla. Colombian newspapermen have prematurely announced that UF was moving in to spend $50 million in a new development. Dunlap and others identify this land as one of the best, if not the best, undeveloped agricultural area in our part of the world. Wind experience is minimal, no irrigation is required, soil is just right and Panama disease is non-existent (a fact which can no longer be claimed for the Sevilla lands.)

Colombia and the Colombians appear to be stable and industrious. Much careful thought must be given to any decision on Turbo. With the possibilities a successful LACATAN program may develop remaking old abandoned lands useable - it may well be wise not to undertake any new development. If this area is selected it should be limited probably to about 30,000 acres, only part of which would be for bananas and the rest for cattle and palm oil. All of it would be developed on an associate producer basis.

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Company headquarters in Santa Marta occupy about 30 acres in the center of what is a growing city. We should pursue the relocation of these facilities and the urbanization of this property.

We left with these general conclusions:

1. UF is too big a target as a large landholder and employer of labor. We can not wait for these solutions to be found by local governments, but must work hard to develop and put in motion plans to lessen this exposure through methods such as our associate producer set-up.

A complete land use inventory has now been computed by cash division and this should be of great help in suggesting orderly ways to divest ourselves of some un-needed acreage.

2. In nearly every division we learned that UF buying policies were probably partly responsible for exaggerated inventory positions and an uncertain amount of local ill-will of manufacturers and agency people.

3. Communications have begun to improve between Boston and the Tropics and between tropical divisions. There is ample room for continuing improvement.

4. Personnel training needs attention. There are in sight only 2 or 3 really promising younger men capable of stepping into managerial positions.

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COMPAÑIA AGRICOLA DE GUATEMALA
Office of the Manager

Tiquisate, Guatemala
February 16, 1960

Mr. R. C. Miller
Boston, Massachusetts

Dear Mr. Miller:

We are very pleased to be allotted European tonnage for the 22nd and 27th out of Barrios.

The blowdown areas have just commenced producing. It is estimated that we will have approximately 30,000 to 40,000 stems a week of fair quality fruit during the peak months of March, April and May from these blowdown areas. This is similar to plantilla fruit and will be on the small side and open-handed for the most part, not top quality. It would be advantageous if European tonnage could be allotted to lift this fruit during these months. I trust this can be arranged.

Yours very truly,

W. T. van Diepen

cc: Mr. W. F. Tilley, Jr.
Mr. W. L. Taillon
tl Mr. C.E. E. DeLawder

bc: Mr. W. M. Palmer

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Retype of DX 130 (cover page and pp. 5-8, 13, 14, 24, 27, 28)

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COMPANIA AGRICOLA DE GUATEMALA
OFFICE OF THE MANAGER

TIQUISATE, GUATEMALA
FEBRUARY 20, 1960

MR. R. O. MILLER
BOSTON, MASSACHUSSETTS

DEAR MR. MILLER:

ENCLOSED IS ANNUAL REPORT OF COMPANIA AGRICOLA DE GUATEMALA FOR THE YEAR 1959:

THESE ARE THE HIGH-LIGHTS OF 1959:

	1959	1958
1) SHIPMENTS	3,531,814 STEMS	3,212,054 STEMS
2) COST PER STEM	$3.351	$3.814
3) AVERAGE WEIGHT PER STEM (AMERICAN FRUIT)	72.14 LBS	81.77 LBS.
4) LOSS PER STEM	9.63 LBS	
5) LOSS IN POUNDS OF FRUIT	31,749,993.4 LBS	

6) RETURN TO BORDEAUX MIXTURE FOR CONTROL OF SIGATOKA.
7) CONTROL OF TALTUZA (POCKET GOPHER), NO LONGER A MENACE TO CULTIVATIONS.
8) RESTORATION OF LIVESTOCK DEPARTMENT FOR COMMERCIAL BEEF PRODUCTION.

X = BASED ON SHIPMENTS OF PRODUCED FRUIT

PROSPECTS FOR 1960

PRELIMINARY BUDGET FOR 1960 PROVIDES FOR THE SHIPMENT OF [illegible],000 STEMS AT A COST OF $3.150 PER STEM. ESTIMATED SHIPMENTS ARE DIVIDED AS FOLLOWS:

COMPANY	3,785,000 STEMS
ASSOCIATE PRODUCERS	214,000 STEMS

BARRING UNUSUALLY HEAVY FRUIT LOSSES, IT IS FELT THAT THIS BUDGET WILL BE FULFILLED. ALSO, WITH THE RETURN TO BORDEAUX, FRUIT WEIGHTS SHOULD INCREASE AND QUALITY SHOULD IMPROVE.

YOURS VERY TRULY,

W. T. VAN [illegible]PEN

ENCLOSURE

CC: MR. J. R. HOBSON
MR. J. K. SIMMS
MR. W. L. TAILLON
MR. C. E. DELAWDER
MR. N. C. THORNTON

bc: Mr. W. M. Palmer
Mr. R. N. Simmons
Mr. H. N. Forest
Mr. C. L. Adams

FEB 4-1974
DEFENDANT'S
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COMPANY PRODUCTION 997A

Although windstorm damage was again severe this year, stems per acre shipped amounted to 169 as against 152 in 1958.

Weight of fruit was down by previous years' standards to an average of 66.4 pounds during the first quarter, rising to 75.5 in the second quarter, and then rising steadily over the 80 pound mark in November to close out the year. However, in December our cargoes outturned as high as 19% ripes, calling for a reduction in grade.

There is a loss of 9.6 pounds per stem in 1959, compared with 1958, which is a loss of 31,745,990.4 pounds based on total shipment of 3,307,291 stems. This loss is attributed to increase in blowdowns sustained and oil spray. There was also an increase in European shipments. Oil spray will be discussed further under Sigatoka control.

Some European fruit was shipped during every month of the year, with an average weight of 58 pounds.

Of the total fruit shipped, 69% went to the American market while 31% went to the European.

The statistics presented here give a breakdown of the potential production:

Original annual estimate			4,500,000	
				Percentage of Total
Total fruit shipped			3,307,291	41.49
Losses				
Windstorm		3,935,000		84.37
Available	1,330,000			
Plants lost	2,605,000			
Rejects		161,648		3.46
Farm	72,000			
Wharf	89,648			
Uprootings		248,000		5.32
Doublings		63,000		1.35
Not marketable		254,000		5.45
Shut out		1,775		0.04
Derailment IRCA		470		0.01
Grand total losses			4,663,893	58.51
Total shipped and lost			7,971,184	100.00
Total shipped and lost per acre			408	

Losses not included in above:

Difference between pick-up and wharf tally	8,530	stems
Gifts	5,338	"
Total	13,868	stems

From the statistics presented, we shipped out 41.5% windstorms accounted for 49.3% while the balance of 9.2% went to other causes.

District average produced per acre were: Siguacan 150, Nahaulate 10* and Floresta 209. Division 175.

The high producing farms were in the order given: Antigua 302, Primavera 278, Palo Blanco 250 and Zunil 231.

*illegible

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COMPANY PRODUCTION (Cont'd) 998A

It is hardly necessary to point out that these farms did not receive high wind losses.

ACREAGE

There was a slight increase in acreage, abandements being offset by new and replantings.

Statistics

Mature acreage start of year		19,238.5	
Brought to bearing		1,774.0	21,012.5
Salama	297.3		
Antigua	704.9		
Peten	267.6		
Izabel	503.7		
Tacana	.5		
Abandoned during year			
Panama disease	1,647.1		
Poor soils	99.3		
Buildings	2.2		
Adjustments	-10.5		1,738.1
Mature acreage end of year			19,274.4

Detail by farms may be found in appendix.

CULTIVATIONS

Cleaning and pruning were done as required and, therefore, farms were well maintained.

Farms always look ragged for some considerable time during the long blowdown season. Recovery has been excellent, and the cultivations present a very satisfactory picture for the coming year's production.

Ground cover was attacked by Army Worms in April, July, September and December, principally in the same areas as last year but on a greatly reduced scale. Damage to bananas in production was negligible and amounted to small lower leaf damage from hatching until worms dropped to the ground cover. However, in small plants damage is usually done after the bojuco has been devoured. Some young Cocos plantings at Jutiapa were treated with Toxaphene in oil, applied by helicopter. Satisfactory control was obtained.

A minor infestation of Red Spider occurred in September and December, confined to poor banana plants principally along roads - much less than in previous years.

To maintain satisfactory population, the following supplies were put in on account of blowdowns:

Gros Michel	419,729
Cocos Variety	149,732

This is a little less than last year when we put in 644,814 supplies, all Gros Michel.

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CULTIVATIONS (Cont'd)

Much of the improvement in cultivations is due to the control of taltuzas Plant damage from this source is no longer evident and tipovers, etc. are no longer a factor. See details under taltuza control.

The following statistics are of interest:

	This Year	Last Year
Cycles cleaned	8.81	8.35
Cycles pruned	10.65	10.15
Cycles thinned out	1.43	1.92

IRRIGATION

The first part of this season's irrigation ended in May, by June in the Nahualate and Floresta Districts nearest to the sea. During August and September rainfail was way below normal in this area zone, and irrigation was recommenced several times, shuting down when an adequate rain fell. In October good rains fell, but towards the end of the month we had the irrigation going again in Tract "C", Nahualate and Floresta. Siguacan District, closer to the foothills, continued to receive rain until early in November when irrigation was also started here.

It was fortunate that the irrigation was started before soils got a chance to dry out. Opening of river intakes on schedule made this possible.

At Zumil and Salama, we have been experimenting with a 10 day, 8 hour cycle on the undertree conversion eliminating the night shift. Night work is both unpopular with the labor and not at all times correctly executed. Results appear to be just as good as the 7 day cycle. In any case, the same amount of water is being applied in 20 days and 16 hours as by the conventional application of three cycles in 21 days.

This is a money and labor saving operation and will be extended to all undertree conversion systems if the results of the three month trial period prove satisfactory.

The last of the surface irrigated farms via, Verapaz commenced in later October with an all-pipe layout for undertree irrigation. With the application increased to 1-3/4", the efficient and low cost cycle changes, we have nothing but praise for this fine job. To one who has known Verapaz fruit for many years and sees the fruit hanging today, it is quite clear that the installation was well warranted and will pay dividends insofar as quality, might and increased production are concerned.

Following is a breakdown of the various installations in operation at year's closing.

Overhead	2,556
Undertree	10,011
Undertree conversion	6,707
Total	19,274

Cost of irrigation during 1959 is given below: (Next sheet)

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IRRIGATION (cont'd)

	Average Project Acres	Cycles	Cost Cycle Acre	Cost Project Acre This Year	Last Year
Overhead	3,659	26.31	2.096	55.16	55.71
Undertree	17,070	25.05	1.767	43.31	39.16
Surface (5 months)	1,453	13.22	2.275	30.08	45.35
TOTAL	22,182				

FERTILIZING

A complete detail of fertilizing is herewith tabulated:

District	Project Acres	Cycle Acre	Cycles	Pounds Used	Pounds Nitrogen	Pounds Nitrogen Per Acre	Total Nitroge Per Acr
Siguacan							
Spray	6905.4	5582.0	.81	62,665	28,826	4.18	
Hand	6905.4	22488.9	3.26	4,340,146	1,996,467	289.11	293.29
Nahualate							
Spray	6491.7	12589.9	1.94	166,374	76,532	11.79	
Hand	6491.7	21018.4	3.24	3,998,954	1,839,519	283.36	295.15
Floresta							
Spray	6131.3	3694.0	.60	43,996	20,238	3.30	
Hand	6131.3	12418.3	2.03	2,272,542	1,045,369	170.50	
Irrig.x	6131.3	32965.9	5.37	1,273,576	585,845	95.55	269.35
Division							
Spray	19528.4	21825.9	1.12	273,035	125,596	6.43	
Hand	19528.4	59925.6	2.86	10,611,642	4,881,355	249.96	
Irrig.x	19528.4	32965.9	1.69	1,273,576	585.845	30.00	286.39
		Cost per acre		35.96			
		Cost per stem		0.21			

x - Through irrigation

Ceiba						
Cedro	1970.6	32965	16.73	1,273,576	585,845	297.26

A controversial subject today is whether or not the increased amounts of nitrogen applied have influenced increase in blowdown losses. The following graph shows the blowdown losses from 1936 to 1959 and the amount of nitrogen applied over this period. You will observe that even in the low nitrogen years, heavy windstorm losses were sustained. There is a period between 1952 and 1957 with increased nitrogen there were less blowdown losses recorded. Therefore it would appear that there is no close relationship between amount of nitrogen applied and blowdown losses. At the same time increased nitrogen has improved fruit quality and increased weight per stem.

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GUYING AND PROPPING (Cont'd)

This phase of work almost equalled 1958. Protection was afforded to 3,511,640 as against 3,627,714 in 1958. Needless to say, much of this work was lost with the blowdowns.

Imported taltuza control indicates a possible reduction in guying and propping in 1960 because of a better plant root system and less tipovers.

TREE BAGGING FRUIT

	Labor	Material	Total
	$41,285.35	$87,738.51	$129,023.86
Cost per stem	.0130	.0276	.0406
Cost per stem last year			.0732

After the severe blowdowns in July, bagging of fruit was suspended as an economy measure on farms still with fruit. A total of 3,180,734 stems were bagged against 3,103,413 in 1958. The lightweight .00075 polyethylene bag was used for this work. We have found that this operation pays dividends in reducing leaf scar and number of "specials" Stateside. Fruit comes out remarkably clean.

BLOWDOWNS

Although we had less (sixteen in all) individual windstorms this year, losses were a little higher than 1958.

Losses of not less than 100,000 monthly occurred during February, April, May, July and October.

By the half year mark, we had lost 2,731,000: in July a further 1,069,000; and then a late storm in October hit Antigua Farm to an estimated 135,000. This made a grand total of 3,935,000 scattered over the entire division and is equivalent to 201.5 stems per acre.

Apart from actual losses of available and unavailable fruit, inestimable damage is done to standing plants, which are bent over by the wind. This accounts for the poor shortfingered fruit that lingers on for months afterwards.

LOSES BY DISTRICTS

	Acres	Available	Plants lost	Total	Per Acre
Siguacan	6,905	744,000	1,049,000	1,793,000	150
Nahualate	6,492	261,000	746,000	1,007,000	168
Floresta	6,131	325,000	810,000	1,135,000	209
Division	19,528	1,330.000	2,605.000	3,935,000	201

TALTUZA CONTROL (POCKET GOPHER)

The optimistic view taken at the end of 1958, has been fully born out from the results obtained by poisoning taltuzas with young green banana baits dusted with strychnine alkaloid. The first saturation cycle of the division, by this we mean sweeping the farms with a small bait gang probing the ground around mounds,

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dropping in plenty of baits, and then flattening the mounds, was completed about the middle of the year. 1002 A

Bait control after this went along with the pruning cycle. Pruners flag with a banana leaf all new mounts, and the road is also flagged for the quick location of mounds by bait teams doing the poisoning.

These mounds today are few and far between, with the repass poisoning costing between thirty to forty cents per cycle acre. The division cost per acre for control was $2.43; and this included some trapping during the spring months, later abandoned. Total trapped: 8,331. Tipovers, of which we estimated 90% of being caused directly by taltuza damage to the rhizome and root systems, have been tremendously reduced. Losses from this cause have dropped from 418,000 in 1958 to 248,000 this year. We have no doubt that this trend will continue downward during 1960; and cultivations have been greatly benefited, as seen already this fall in terms of quality and increased production.

MISCELLANEOUS

Cocos Propogation

A 186 Acre Cocos seedbed was completed in August. Of this acreage, 137.4 acres were interplanted.

At the beginning of the year, we had 61,646 plants. Subsequently, stripping took place from this nucleus, and in April we started the first shipments to Bananera. By the end of the year, we had supplied 290,801 seed. All small button and and sucker seed were put into nurseries; and later when large enough, will be shipped to Bananera. At the outset germinator results were poor being attributed to small trimmed sucker seed and bullheads. To correct this condition only trimmed sucker seed with a minimum height of 2-1/2 pounds is selected for Bananera. As a result of this change in procedure germination has been such improved.

When the interplanting created too much shade and retarded sucker growth, it was dug up for seed. All the bullheads furnish this division with seed material to establish Cocos plantings in strategic locations annually hit and destroyed by windstorms. This amounted to 149,732 seed.

Unfortunately, we do not yet have large blocks of Cocos bananas; but after observing the performance of the Cocos seeded under blowdown conditions, it is the general concensus that greater production can be realized by planting this semi-dwarf banana, with a reduction in cost per stem.

The present policy of supplying up Gros Michel with Cocos as replacement is proceeding slowly, but it is a cheap way of establishing the Cocos, which at the end of December amounts to 245.9 acres.

Following is a resumé in acres of local plantings.

Farm	Planting	Replanting	Interplanted	Scattered	Nursery	Total
San Marcos			70.9			70.9
Salama				299.2		299.2
Antigua		23.1	75.3		47.9	146.3
Peten					15.0	15.0
Santa Rosa		25.0				25.0
Jutiapa		25.0				25.0
Izabal			88.4		123.3	211.7
Verapaz	2.0				-	2.0
Pacaya			11.3			11.3
Ceiba					.5	.5
Cedro	6.0	16.0			OX 130	16.0
Total	8.0	83.1	245.9	299.2	186.7	822.9

OO'S OMITTED

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OO'S OMITTED

BLOWDOWNS (PLANTS LOST ONLY) -
YEAR 1959

FARM	FEBRUARY	APRIL	MAY	JULY	OCTOBER	TOTAL YEAR
Sololá			43.0			43.0
San Marcos		6.0	56.0	7.0	1.0	70.0
Salamá		20.0	20.0		51.0	91.0
Antigua		6.0	45.0		12.0	63.0
Petén		5.0	135.0			140.0
Santa Rosa		81.0	35.0			116.0
Jutiapa		85.0	35.0		4.0	124.0
Tecpán		32.0	115.0			147.0
Totonicapán		40.0	110.0			150.0
Esquipulas		30.0	75.0			105.0
SIGUACAN		305.0	669.0	7.0	68.0	1,049.0
Izabal	1.0	5.0	200.0			206.0
Verapa	1.0	2.0	240.0			243.0
Pacaya	1.0	2.0	105.0	25.0		133.0
Ipala	5.0	2.0	55.0	50.0		112.0
Zunil	4.0	4.0		15.0	2.0	25.0
Tacaná	3.0			8.0	.5	11.5
Jumay	5.0			3.0	2.5	10.5
Ticanla	5.0					5.0
NAHUALATE	25.0	15.0	600.0	101.0	5.0	746.0
Caiba	2.0	11.0	1.0	240.0		254.0
Cedro	2.0	13.0	10.0	225.0		250.0
Laurel	3.0	10.0	1.0	103.0		117.0
Limón	6.0	15.0		77.0	2.0	100.0
Palo Blanco	6.0	8.0		45.0		59.0
Primavera	6.0	3.0		20.0	1.0	30.0
FLORESTA	25.0	60.0	12.0	710.0	3 0	810.0
DIVISION	50.0	380.0	1261.0	818.0	76.0	2,605.0
Running Period	50.0	430.0	1711.0	2529.0	2605.0	2,605.0

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FARM	Acres Start of Year	Acres Abandoned during year	Acres End of year	Stems Received	Counts Received	C.B.R.	C.P.A.
Casa Blanca	209	28	181	13,627	12,217	.896	64
Zambo	457	134	323	22,427	22,063	.983	53
San Carlos - Buena Vista	123	23	100	5,483	5,269	.960	45
La Esmeralda	50	1	49	4,305	4,238	.984	84
La Chica	30	2	28	3,051	3,011	.986	103
Casa Blanca - Sandoval	536	-	536	50,401	48,558	.963	90
La Patria	462	-	462	37,531	35,109	.935	75
El Paraiso	136	-	136	7,867	7,698	.978	56
Buena Vista	152	152	-Sept.	10,179	9,341	.917	92
Las Fuentes	215	215	- "	7,682	7,405	.963	51
San Luis	65	65	- "	3,053	2,974	.974	69
Filadelfia	345	345	- "	6,314	6,054	.958	26
San Antonio Morazán	383	80	308	40,619	39,052	.961	118
María de Lourdes	390	74	316	35,923	31,836	.886	93
Totals	3,558	1,119	2,439	248,462	234,825	-	75

Casa Blanca Project 9 - Perez: Actual acreage all interplanted with coffee. The old plantation solely-planted with bananas was abandoned in 1958. The actual bananas population per acre is very low as cocoa is also interplanted in this area. Estimated abandonments for 1960 amount to ten acres.

Zambo: Fruit from this shade project is only fair quality and Panama disease is on the increase. We will continue receiving fruit until June. Contract will not be renewed.

San Carlos, Buena Vista: Actual acreage on all of this farm is interplanted with coffee. Expect to abandon 20 acres in 1960. Because of low production it is no longer a paying proposition. Contract will be cancelled; but Company will continue to receive fruit until the middle of the year.

Esmeralda and La Chica: Will continue to receive fruit as long as it is good, following which contract will be cancelled.

Casa Blanca - Sandoval: Management on this farm has improved considerably and consequently fruit production and quality is much better. This farm should continue to produce good fruit until expiration of contract (May 1962). Estimate that only 36 acres will have to be abandoned in 1960.

La Patria: This farm has been very well looked after and heavily supplied. Believe that it will continue to produce good fruit until expiration date of contract (April 1963). No abandonments contemplated for year 1960.

El Paraíso: Production is very low on account of population but fruit continues to be very good. Only 16 acres for abandonment in 1960 contemplated. Expect it will continue to produce good fruit throughout the year and expiration date of contract (December 1960).

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ASSOCIATE PRODUCERS (Cont'd)

San Antonio Marazan and Lourdes: A lot of work was done on these farms this year and it was necessary to start spraying early in January to be sure of keeping it free of Sigatoka infection. Panama disease is moving at increased speed and therefore contemplate that about 100 acres will have to be abandoned in 1960.

The following farms: Buena Vista, Las Fuentes, San Luis and Filadelfia only shipped fruit part of the year, as we discontinued receiving their fruit when Buena Vista and San Luis contracts were cancelled.

Fruit costs per count were:

	1959	1958
21 - Contract	.331	.335
23 - Others	.284	.288
24 - Size Bonus	.055	.049
Disease Control	.740	.659
Roads	.001	.010
Fertilizing	.192	.229
Others	.161	.240
Total	1.764	1.810

PRODUCTION

We purchased a total of 248,462 stems of fruit. Out of this we shipped 224,523 stems and received not shipped 8,126 - all seven hand stems. 220 stems were lost en route to Barrios.

American fruit shipped	119,770
European fruit shipped	104,753
Total	224,523
	788
Total cars used	305
Average per car	

Analysis of fruit received:

11 Hands	91,287
10 "	68,621
9 "	48,590
8 "	25,374
7 "	14,590
Total	248,462

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Retype of DX 132 (pages 1 and 2)

1006A

COMPANIA AGRICOLA DE GUATEMALA
Office of the Manager

Tiquisate, Guatemala
February 27, 1960

Mr. R. O. Miller
Boston, Massachusetts

Dear Mr. Miller:

In answer to your letter of February 15th, we do not have any Cocos in bearing. The following areas have been planted for production.

Type of Planting	F a r m	Acreage	Totals
New Planting	Cedro	6.0	
New Planting	Verapaz	2.0	8.0
Replanted blown areas	Antigua	23.1	
Replanted blown areas	Santa Rosa	25.0	
Replanted blown areas	Jutiapa	25.0	
Replanted blown areas	Ceiba	10.0	83.1
Interplanted in Gros Michel Bananas	San Marcos	70.0	
"	Antigua	75.3	
"	Izabal	88.4	
"	Pacaya	11.3	245.9
	Totals		337.0

On the basis of 250 stems per acre -- refer to your letter of December 30, 1959, estimated production for 1960 is 84,250 stems. We should reap at least 300 stems to the acre, provided our blowdown losses are negligible.

In addition to the above planting, we will plant 500 acres in Gros Michel areas during the coming blowdown season which will give us a total of 837 acres for production. We estimate that at least 210,000 stems will be harvested from this area in 1961.

All of our experience here the past three years has been with Cocos grown in a seedbed and stripped. We have small areas coming into production shortly where records are

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being kept on date planted, planting to shooting, maturity period, fruit weights, number of hands, weight per hand, etc. One stem was harvested yesterday at Cedro Farm, weighing 70 pounds 10 hands, with a maturing period of 94 days. Another stem, which shot the same day, will be ready for harvest in approximately 10 days, which will give a maturing period of 104 days. We have checked some Gros Michel fruit, and the maturing period is comparable.

We have found that up to now Cocos is no more resistant to Panama Disease than Gros Michel. Also, we have noted no significant differences in Sigatoka control between the Gros Michel and Cocos.

During the months of November, December, January and February, growth is somewhat retarded because of the shorter days and cool nights, which is normal for these months. In making a comparison, there appears to be no difference between Gros Michel and Cocos. Pruning cycle has been the same during December and January, five weeks cycle for both. Last year we produced some very nice fruit from parts of the seedbed. It is characteristic that the Cocos fruit is more open-handed and short-fingered than the Gros Michel. In 99% of the cases, the bunch has a false first hand, which is being removed in the field. Every plant will have to be propped because of the tendency of the plants to loan and uproot after fruit is shot. Its resistance to wind damage has been observed in seedbed plantings only. On May 22, 1959, the wind recorder at Tiquisate registered gusts up to 59 MPH. The Cocos seedbed of 60 acres at Antigua sustained losses of 45-50%, which were due to insufficient props. The surrounding Gros Michel sections were blown flat. It is anticipated that because it is a shorter growing plant than the Gros Michel, it should be <u>less</u> susceptible to wind-storm losses.

It is now apparent that where <u>areas have been stripped for over two years</u> that the plants end up sitting on little mounds of dirt. They become poorly rooted and suckering is slowed up. Digging complete and replanting after two years is advocated. Thus, another reason for recommending that the present Cocos seedbed be completely dug up and replanted this summer.

Present procedure of supplying up Gros Michel area with Cocos is a step in the right direction for

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1008A

this division, where blowdowns are an annual occurrence. It is only through increased production that we will be able to lower the cost of our fruit.

By mid-year, we should be in a better position to supply more significant information as regards the future of the Cocos banana on this coast.

Yours very truly,

W. T. van Diepen

cc: Mr. W. L. Taillon
Mr. C. E. DeLawder

tl

bc: Mr. W. M. Palmer

OX 132

1009A

COMPAÑIA AGRICOLA DE GUATEMALA

UNITED FRUIT COMPANY
TIQUISATE
24 FEB 1961

Agricultural Department
Tiquisate, February 23, 1961

Mr. W. T. van Diepen:

Reference is made to Mr. Miller's letter of February 15 regarding certain information about Cocos bananas.

At this time we do not have any Cocos in bearing.

The following Cocos are planted for production:

Type of Planting	Farm	Acreage	Totals
New Planting	Cedro	6.0	
" "	Verapaz	2.0	8.0
Replanted Brown areas	Antigua	23.1	
" " "	Santa Rosa	25.0	
" " "	Jutiapa	25.0	
" " "	Ceiba	10.0	83.1
Interplanted in Gros Michel bananas	San Marcos	70.9	
" " "	Antigua	75.3	
" " "	Izabal	88.4	
" " "	Pacaya	11.3	245.9
Total			337.0

* In addition to the above planting we will plant 500 acres in Gros Michel areas during the coming blowdown season which will give us a total of 837 acres for production. We estimate that at least 210,000 stems will be harvested from this area in 1961.

Since we have not had the opportunity to observe the growth and development of Cocos in production under normal conditions we cannot offer any comments at this time. We have arranged to keep all records such as date planted, planting to shooting time, fruit maturity time, fruit weights by number of hands, height of tree and any other data that will be considered helpful, on Cedro and Ceiba farms (16 acres). These areas will receive normal field practices.

W. H. Rixon

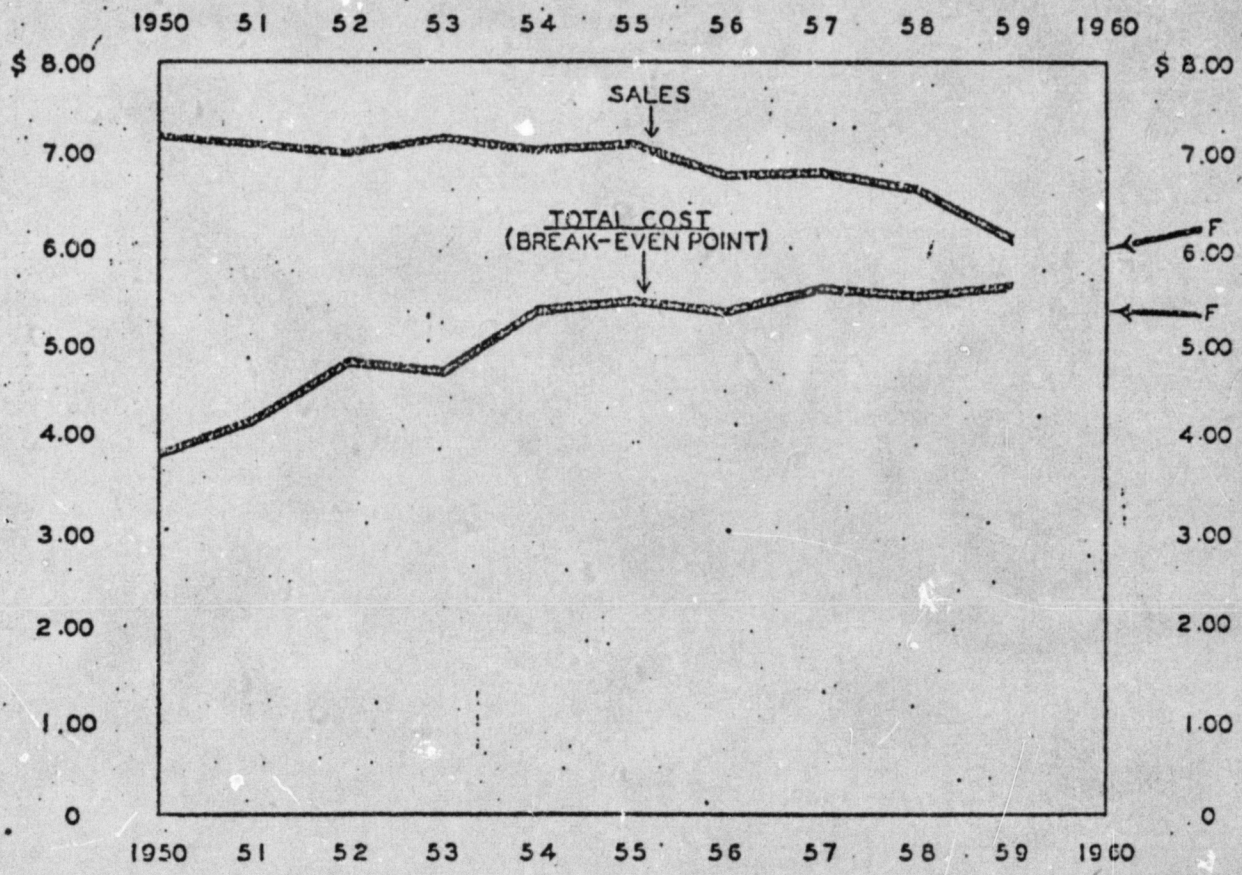
cc. Sr. J. R. Acevedo

DX 132 (p.3)

BREAK-EVEN POINT VS. AVERAGE SALES PRICE PER 100 LBS. OF BANANAS

TOTAL U.S. CAN. AND EUROPE

	AVERAGE SALES PRICE	BREAK-EVEN POINT
1950	$ 7.24	$ 3.88
51	7.17	4.22
52	7.06	4.83
53	7.23	4.74
54	7.10	5.40
55	7.18	5.50
56	6.82	5.40
57	6.86	5.64
58	6.58	5.58
59	6.14	5.67
1960	6.01	5.38 F



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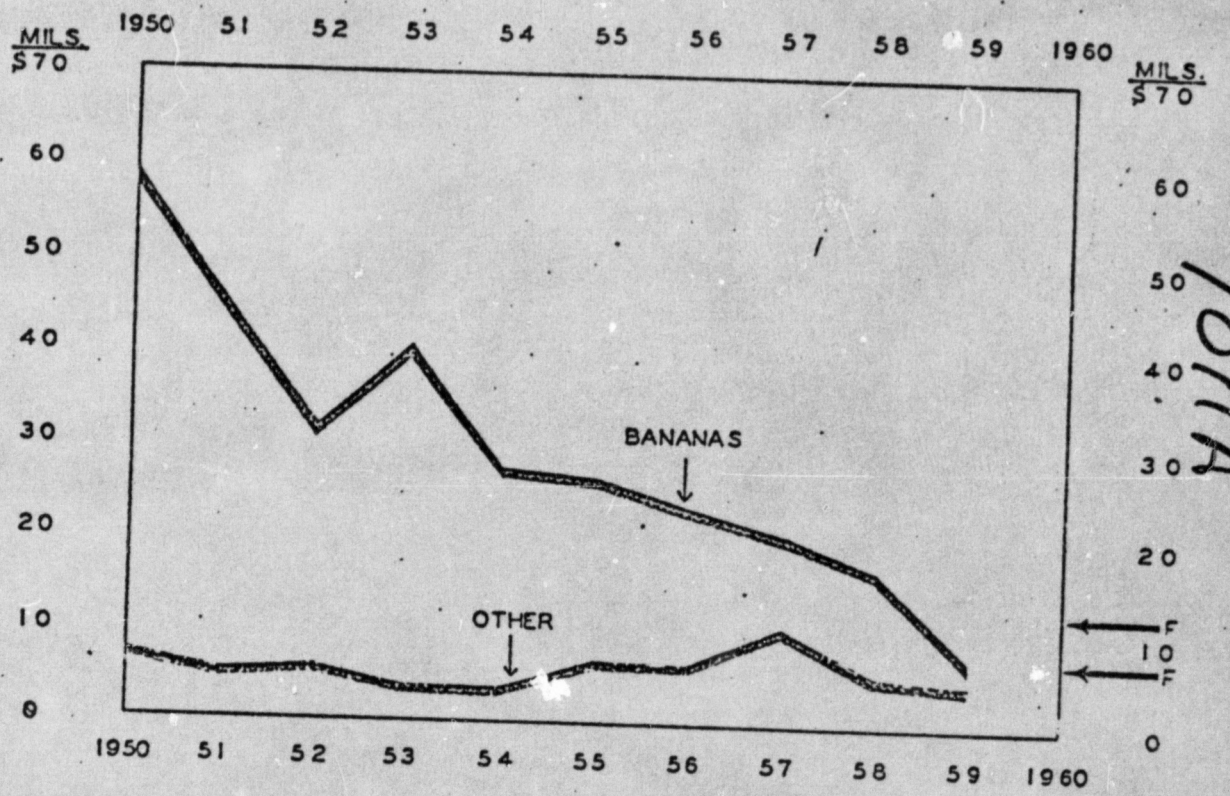
NET EARNINGS (MILLIONS)

	TOTAL	BANANAS	OTHER
1950	$ 65.7	$ 58.6	$ 7.1
51	50.3	45.1	5.2
52	37.7	31.7	6.0
53	44.1	40.2	3.9
54	31.5	27.6	3.9
55	33.5	26.6	6.9
56	30.3	23.6	6.7
57	31.5	20.8	10.7
58	22.7	17.0	5.7
59	12.1	7.2	4.9
1960	19.4	12.2	7.2 F

DETAIL OF OTHER

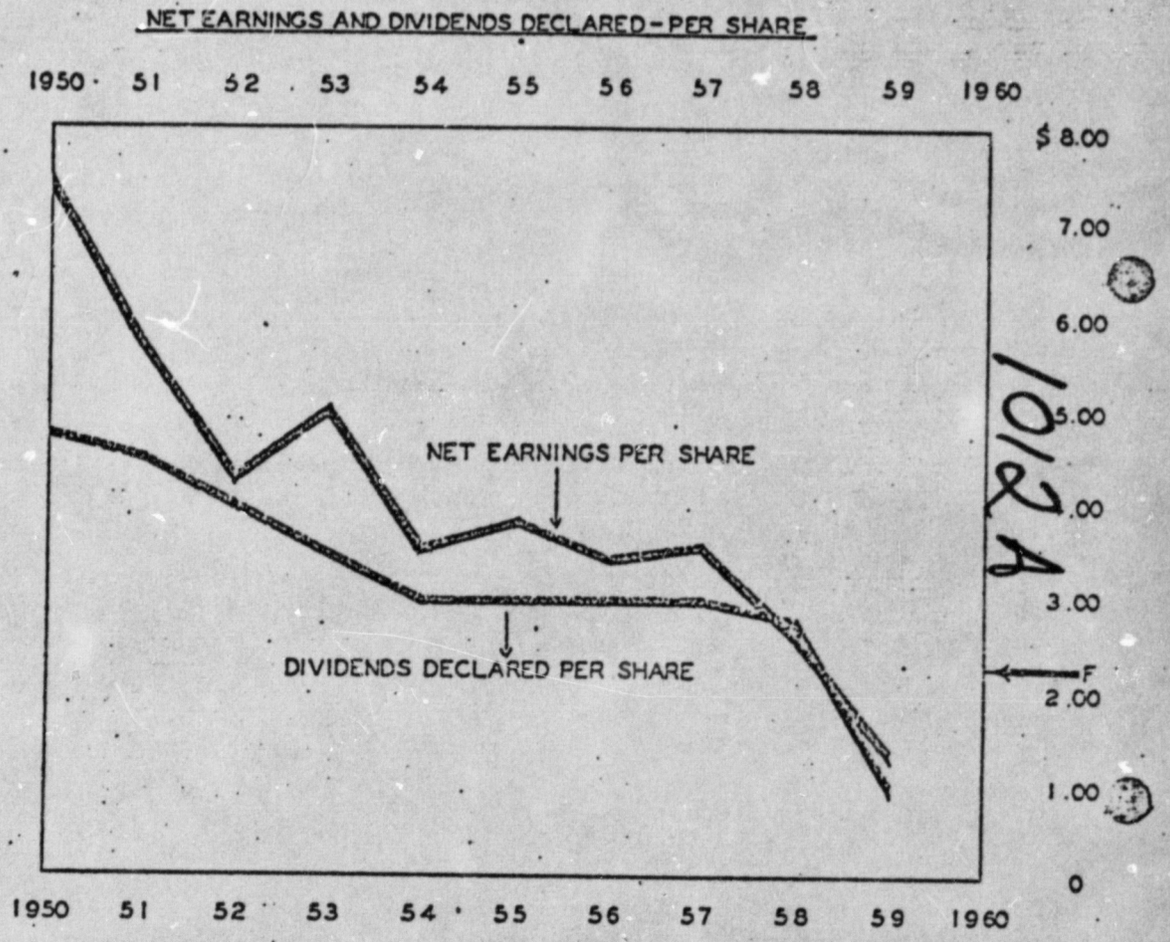
	SUGAR CUBA	SUGAR OTHER	TRAFFIC	MISC	TOTAL
1950	$ 2.5	$ .9	$ 1.9	$ 1.8	$ 7.1
51	2.8	.9	.4	1.1	5.2
52	2.4	.7	1.4	1.5	6.0
53	.6	.7	.1	2.5	3.9
54	-.2	1.0	.9	2.2	3.9
55	.8	1.1	3.2	1.8	6.9
56	1.4	1.2	2.7	1.4	6.7
57	4.2	1.2	3.3	2.0	10.7
58	1.8	.9	1.9	1.1	5.7
59	-.2	1.3	2.9	.9	4.9
1960					7.2 F

NET EARNINGS AFTER TAXES
U.S. CANADA AND EUROPE



DEFENDANTS
JAN 29 1964 DX 135
10114

	NET EARNINGS PER SHARE	DIVIDENDS DECLARED PER SHARE
1950	$ 7.49	$ 4.75
51	5.73	4.50
52	4.30	4.00
53	5.02	3.50
54	3.58	3.00
55	3.82	3.00
56	3.45	3.00
57	3.59	3.00
58	2.60	2.75
59	1.39	1.00
1960	2.22 F	



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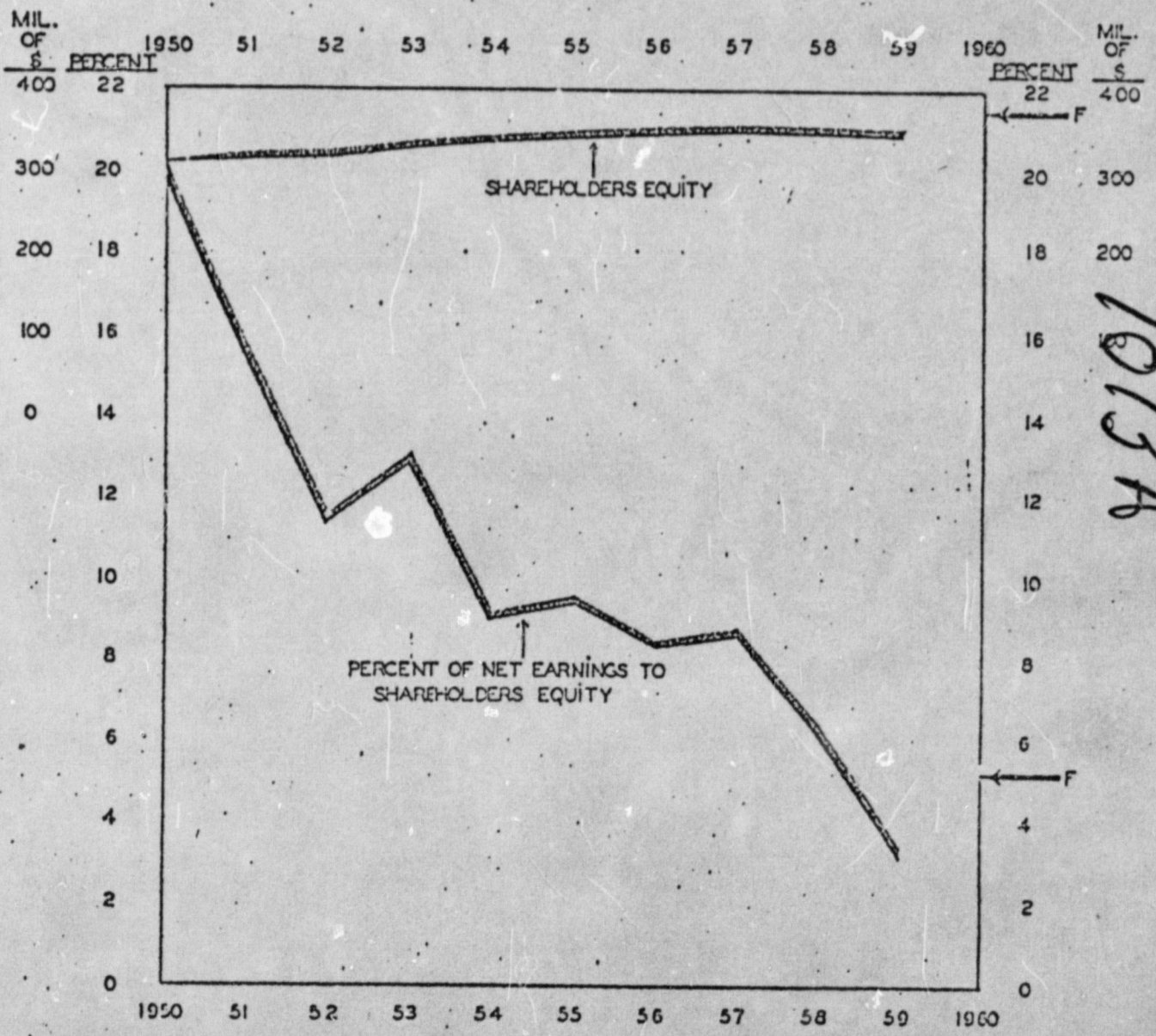
DEFENDANT'S EXHIBIT DX 136

SHAREHOLDERS EQUITY (MIL. OF $)	
1950	$ 310
51	321
52	325
53	337
54	343
55	350
56	355
57	358
58	356
59	354
60	374 F

PERCENT	
50	20.2
51	15.7
52	11.6
53	13.1
54	9.2
55	9.6
56	8.5
57	8.8
58	6.4
59	3.4
60	5.2 F



DEFENDANT'S

DX 137 F

10134

MEMORANDUM

COPY

1014A

July 20, 1960

Mr. Sutherland:

With the adoption of the policy to expedite the Associate Producers program and the action already taken or to be taken, particularly in Guatemala and Honduras, there will be increasing numbers of salaried employees and laborers released involving extraordinarily large amounts for severance. To avoid distortion of the Income account, we propose to adopt the accrual method of accounting to take care of this situation. The estimated liability for severance pay in accordance with the laws of each country as of the end of last year will be set-up by a charge to the Earned Surplus account of each of the following companies and for the amounts stated, which are net after taxes:

Company	Amount
United Fruit Company-Guatemala Division	$1,012,000
Tela Railroad Company	3,274,800
Cia. Agricola de Guatemala	1,668,000
Cia. Bananera de Costa Rica (and Subsidiary)	2,557,800
Chiriqui Land Company	171,400
Grenada Company	229,400
Cia. Bananera del Ecuador	189,100
Tropical Radio Telegraph Company	150,200
	$9,252,700

Authority is therefore requested to charge Earned Surplus for the above-mentioned amounts.

As severance payments made will now be charged to the Reserve account, the adjustment necessary to change our figures for the first six months to conform with this revised accounting practice amounts to .02 a share and this has been reflected in the financial statements attached hereto.

cc: Mr. L. S. Sisto

822

Dx 1

Retype of Dx 159 (pages 1 and 2)

1015A

MEMORANDUM

Ref. 12/27/60 *
Ref. 12-28-60
To RCM from TES

Boston, Massachusetts
November 8, 1960

Acc 12/27*

Mr. Sunderland:

As requested, I attach summary of estimated savings which have been made in 1960 but will not be fully realized until 1961 due to severance pay, etc.

R.A. Holcombe

Attachment

Copy to: Mr. L. S. Sisto
Mr. A. E. Carpenter
Mr. J. K. Simms
Mr. V. C. Folsom

DEFENDANTS
JAN 29 1974 DX 159

* handwritten

1016A

ESTIMATED SAVINGS TO BE REALIZED IN 1961

Colombia		$228,000
Costa Rica		908,100
Golfito	$ 547,000	
Limón	99,600	
Quepos	152,000	
San José and Accounting	109,500	
Ecuador		900,000
Guatemala		2,785,000
Bananera	$ 829,000	
Tiquisate	1,848,000	
Guatemala City and Accounting	108,000	
Honduras		2,886,000
Jamaica (Sugar)		58,000
Panama (Bocas)		60,000
Santo Domingo		115,000
TOTAL		$7,940,100

DX 159

1017A

December 27, 1960

Mr. R. A. Holcombe
General Manager
c/o Chiriqui Land Company
Puerto Armuelles, Panama

Dear Andy:

Your last visit to Boston was cut short so unexpectedly that I am afraid I did not have a chance to tell you orally, or at least tell you with the emphasis that I would have liked to have used, about the magnificent job you have done for the Company in reduction of costs in our Tropical Divisions.

As we all know, cost reduction is one of our most important problems in this Company. You have made the most significant contribution made to date in trying to get our Company into a competitive position. I certainly congratulate you on the fine job in reducing these costs by almost $8,000,000 per year and our Board was extremely pleased to hear about it. While I doubt that the potential is as great in this country, nevertheless we are now embarked on a very thorough examination of all of our costs here and I think we are going to have something significant to add to the cost reduction program in the next two or three months. In any event, you have certainly set a fine example for the rest of us to try to follow.

I know how distressing the strike in Panama has been for you. As you yourself have said, it certainly demonstrates our need to convert over to Associate Producers even in our successful divisions and we ought to start thinking about not only Armuelles, which I know you are now thinking about, but also Golfito. In addition it seems to me that we ought to make the conversion at Almirante and perhaps even hold back on some of our planting programs until we know that it can be accomplished successfully.

It has been unfortunate that there have been so many delays in getting the form of Associate Producers contract for Honduras

67

DX 1165

1018A

Mr. R. A. Holcombe - December 27, 1960

worked out. The trouble has all come over the payment clause and, as you know, some of the earlier versions would have caused us such financial distress and difficulties in getting them changed that I am glad we did not rush ahead and sign them up. Now after a very careful study by the Accounting Department we have in the last few days come up with a formula which seems to be approved by everyone. By the time this letter reaches you I am sure you will have heard from Bing Miller and that matter will be on the tracks again. It seems to me that a similar payment clause for other divisions, although of course with a different set of figures for each division, should work and that probably we can use the rest of the Honduras contract as a sort of a guide for the kind of legal arrangement that we should have. We in Boston are just as anxious as you are to get this whole program moving and are prepared to send a team of people to help on this whenever it seems best to do so.

Again, congratulations for a fine job in the cost reduction program outlined in your November memorandum and with best wishes for the New Year.

Sincerely yours,

Thomas E. Sunderland

DX 165

1019A

EXHIBIT 145
41

Annual Report

INTERNATIONAL RAILWAYS
of
CENTRAL AMERICA

1960

DEFT Ex 41a
3/9/65
(CHALK DEF
(Extra Copy

15 EXCHANGE PLACE
Jersey City 2, N. J.

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61. Mr. McGovern, as
ly and tirelessly for the

held on March 3, 1961,
or to serve during the
ame Board Meeting Mr.
ed Acting Chairman of

delayed due to inability
diesel-electric or diesel-
rs Corporation and In-
e each loaned us two
on our lines for the past
m our service their two
rman manufacturers of
s with a technical study
ng a financing proposal
British and French loco-
erest in our dieselization

completely dieselize the
n million dollars. The
our request for a loan
Bank of Washington has
ar request. Our studies
estrictive action is taken
or and similar demands
asonable cooperation by
an absolutely necessary
r and supports approxi-
an dieselize, reorganize
y the interest and amor-
nable terms.

ects from highway com-
rates and bus fares on
antic Highway between
of Matías de Gálvez on
een and are being built
nd technical assistance
El Salvador the Pacific
additional competition
l losses in revenue. We
e to this highway com-
reight in both countries.

Rate reductions made during 1960 which were necessary to place us in a competitive position with trucks lowered our revenues in Guatemala approximately $123,000 and resulted in a net increase of $26,000 in revenues in El Salvador. However, had the reductions not been made in Guatemala it could have resulted in additional losses of approximately $350,000.

The increases in tonnage and revenues from export bananas would have been greater except for blowdowns in May and July in the plantations of the Compañía Agrícola de Guatemala at Tiquisate and in the Standard Fruit Company plantations near the Mexican border in July, and flood damage in September to the United Fruit Company plantations near Puerto Barrios.

Low coffee prices and difficulties in quota arrangements resulted in less revenue from this source in both countries during the early part of the 1961 coffee season which runs from November 1, 1960, to October 31, 1961. These conditions are improving and during the first months of 1961 coffee revenues will be recovered except, of course, the decrease due to rate reductions made to hold the movement on the railroad and the loss due to smaller crop. The present coffee crop in Guatemala is calculated to be from 10% to 15% less than the last crop and in El Salvador about 10% less than the previous one. The cotton crop in El Salvador will be the largest to date and in Guatemala it will be slightly larger than last year. Large exports of corn and sugar from Salvador and cattle and sugar from Guatemala have helped our revenues.

Two changes in Government in El Salvador, one on October 26, 1960, and the other on January 25, 1961, and the unsuccessful revolution in Guatemala November 13 to 17, 1960, were caused by and resulted in unrest throughout both countries although those conditions are quieting down and indications are that conditions will be normal.

Several small and large industries are being planned and developed in both countries, among which are cement plants, oil refineries, flour mills, fertilizer plants, textile mills, tire factories, kenaf fiber production and milling, canning plants, etc. Some of these businesses will provide additional revenue for us.

In Guatemala City work is progressing rapidly on a new jet airport and in San Salvador special attention is being given to studies for a new jet airport.

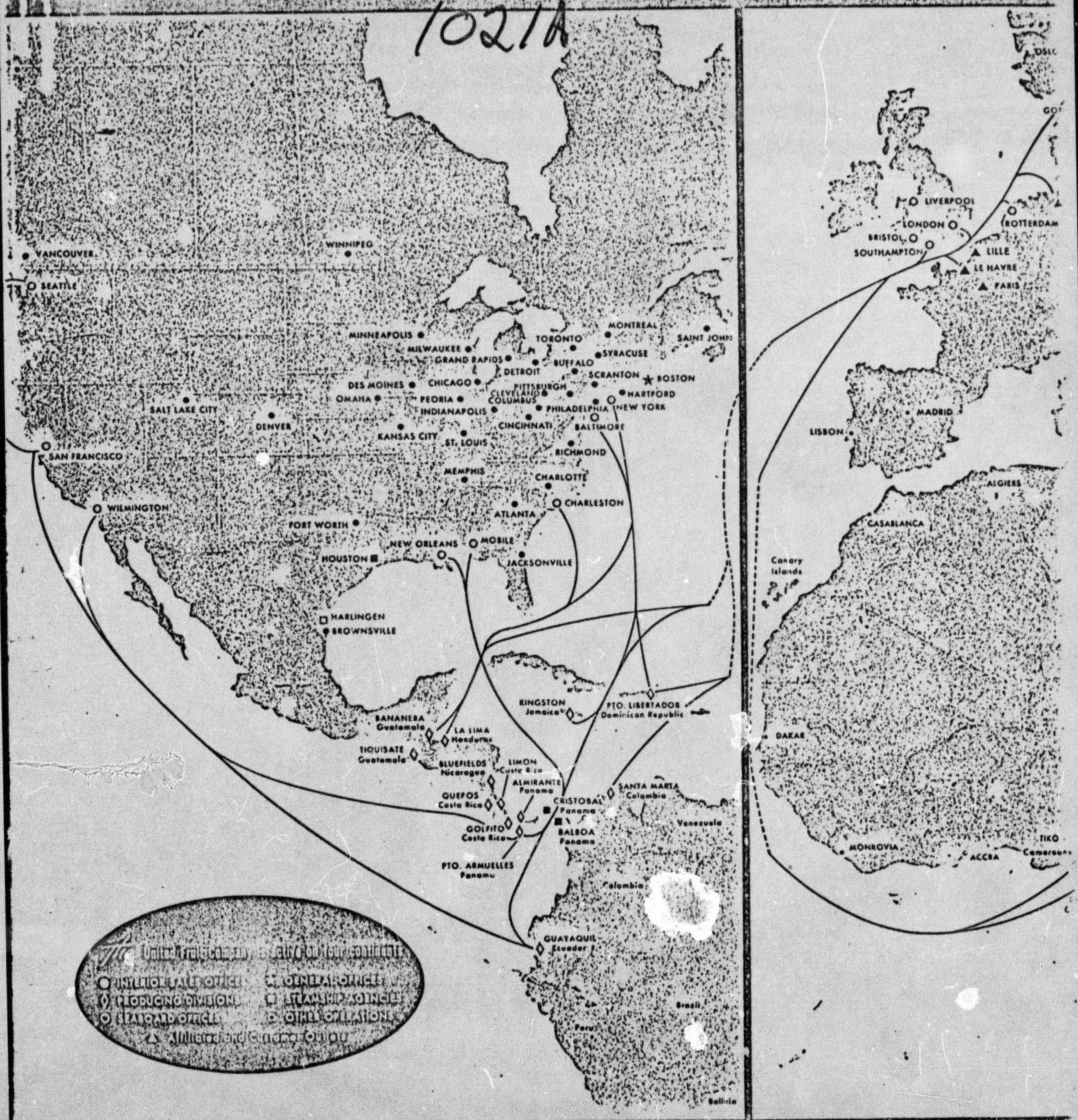
The new Government Pacific Port at Acajutla in El Salvador is nearing completion and is expected to be in operation shortly. The effects of this new port on our business cannot be calculated at this time. There is no railroad serving this port.

Five miles of 70-lb. rail were purchased this year at a cost of $99,910—three miles will be laid in Guatemala and two miles in El Salvador during the first months of 1961.

DX 167

International Scope of United Fruit Company and Subsidiaries

1021A



UNITED FRUIT COMPANY · 30 St. James Avenue, Boston 16, Mass.

DX 169A

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JSE 2/16/71

1022A R2 - 11
IRCA
Payments

January 12, 1961
File No.B-1

Mr. Frank I. Tennyson, Vice President
International Railways of Central America
15 Exchange Place
Jersey City 2,

Dear Mr. Tennyson:

I refer to your letter of January 4, 1961 regarding the question of payment of freight on a shipment of 53 cars of bananas during the month of November 1960.

As you pointed out, the shipment in question was held up in Guatemala City due to an uprising of groups of rebels at various points to north of the city. You are very well aware, I am sure, of the importance of having bananas, which are destined for export, delivered to the port of embarcation and loaded on board ship and under controlled refrigeration in the shortest time possible. The shipment of bananas in question was carefully examined by personnel of Cia. Agricola who decided that the delay of the shipment had rendered the fruit unsuitable for export. Therefore, rather than increase the amount of the loss, it was decided to dispose of the fruit by giving it to charitable organizations in Guatemala City. That another shipper did request that his shipment be forwarded after it had been delayed, does not affect the present case in any way. There are many factors which any shipper would have to consider and which would differ as between different shippers, which would affect their respective decisions as to the disposition of a delayed shipment of fruit.

It is our opinion that the provisions of Clause 8 paragraph (b) of the February 3, 1933 contract would apply in the instant case and that Cia. Agricola does not owe any freight for the shipment in question.

Very truly yours,

(Signed) A. E. CARPENIER

DX 173

1023A

(8513)

MEMORANDUM

February 6, 1961

Mr. A. E. Carpenter:

Re -- Honduras

I understand that for some time you have been giving careful study to the economic future of our producing division in Honduras. The advent of Variety bananas and boxing has of course changed the picture considerably and I wonder if you have been able to project any possibility of an economic or profitable future for that division after new programs are established.

The entire future of the division in Honduras is of great importance at the moment and I would like to discuss this with you at your early opportunity.

T. S.

Thomas E. Sunderland

DEFENDANT'S
JAN 29 1974 Dx178

PX 447

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1024A

P-4 Guat.
√xP-2-

MEMORANDUM

February 6, 1961

Mr. A. E. Carpenter:

Re -- Guatemalan Divisions

I understand that for some time you have been working on a financial analysis of the two Divisions in Guatemala based on the new schedule of rates imposed on us by the New York courts in the Ripley case, consideration of a possible new port on the Tiquisate side so that fruit will not have to be shipped by railroad when the current contracts expire in 1962 or 1963, the possible development of Lacatan or Valery bananas in the Bananera area, and the possible development of some new virgin territory in the Tiquisate region.

The entire future of the Guatemalan Divisions is a matter of utmost importance at the moment and I would like to discuss this with you at some very early opportunity.

Thomas E. Sunderland

TES:VL

DX 178A

1025A JUDGMENT EST'G DOC'T

SUPREME COURT : NEW YORK COUNTY ACCOUNT

P & P

CHARLES B. RIPLEY, et al., etc.,

Plaintiffs and Plaintiffs-Intervenors,

-against-

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA and UNITED FRUIT COMPANY,

Defendants.

Index No. 5955/1949

NOTICE OF ENTRY

S I R S :

PLEASE TAKE NOTICE that an order of which the within is a true copy was this day duly entered and filed in the office of the Clerk of this Court.

March 1, 1961.

Yours etc.

DAVIS POLK WARDWELL SUNDERLAND & KIENDL
Attorneys for defendant United Fruit Company
Office & P. O. Address
15 Broad Street
New York 5, N.Y.

To: T. Roland Berner, Esq.
General Counsel for plaintiffs and plaintiffs-intervenors and Attorney for plaintiffs Charles B.Ripley, et al.
Chrysler Building
New York 17, N.Y.

Herman A. Bayless, Esq.
Attorney for plaintiffs-intervenors Peter G.Thomson, et al.
c/o T. Roland Berner, Esq.
Chrysler Building
New York 17, N.Y.

Alexander Kahan, Esq.
Attorney for plaintiffs-intervenors Paul Emery Kern and Carl C. Lang
60 East 42nd Street
New York 17, N.Y.

Messrs. Bijur & Herts
Attorney for plaintiff John A. Bonaudi
10 East 40th Street
New York 17, N.Y.

Louis H. O. Fischman, Esq.
Attorney for plaintiff-intervenor Morris Gross
275 Fifth Avenue
New York 1, N.Y.

Abraham K. Weber, Esq.
Attorney for defendant International Railways of Central America
70 Pine Street
New York 5, N.Y.

MAR 5 - 1974

DEFENDANT'S Dx 182

864

Retype of DX 182 (PP. 2-5)

1026A

At a Special Term, Part I, of the Supreme Court of the State of New York, held in and for the County of New York at the Court House, Foley Square, Borough of Manhattan, City and State of New York, on the First day of March, 1961.

P R E S E N T :

HON. HENRY EPSTEIN,

Justice.

CHARLES B. RIPLEY, etc., et al.,	:	
Plaintiffs and Plaintiffs-Intervenors,	:	Index No. 5955/1949
-against-	:	
INTERNATIONAL RAILWAYS OF CENTRAL AMERICA and UNITED FRUIT COMPANY,	:	
Defendants.	:	

Upon reading and filing the order to show cause herein on behalf of T. Roland Berner, Esq., general counsel for the plaintiffs and plaintiffs-intervenors, dated December 16, 1960, the supporting affidavits of Sidney Bender, sworn to December 16, 1960 and of John A. Bonaudi and Harry Bijur, sworn to February 6, 1961, and the opposing affidavit of Porter R. Chandler, sworn to December 16, 1960, the notice of motion of defendant International Railways of Central America (hereinafter "IRCA"), dated January 18, 1961, the supporting affidavits of Frank I. Tennyson and Abraham K. Weber, both sworn to January 18, 1961, and the further affidavits of Abraham K. Weber, sworn to January 19, 1961, February 23 and February 27, 1961, and of Frank I. Tennyson, sworn to February 23, 1961, and the opposing affidavit of Sidney Bender, sworn to February 20, 1961, and the further affidavit of Porter R. Chandler, sworn to January 24, 1961, and the order to show cause dated February

DX182

23, 1961, herein on behalf of defendant United Fruit Company (hereinafter "United") and the supporting affidavit of Porter R. Chandler, sworn to February 23, 1961, and upon the judgment and all the pleadings and proceedings heretofore had herein, and after hearing T. Roland Berner (Aaron Lewittes and M. Victor Leventritt of counsel), Harry Bijur, Alexander Kohen and Louis H. O. Fischman, Esqs., attorneys and of counsel for the plaintiffs and plaintiffs-intervenors, Abraham K. Weber, Esq., attorney for the defendant IRCA and Davis Polk Wardwell Sunderland & Kiendl (Porter R. Chandler, Esq., of counsel) attorneys for the defendant United, and it appearing that the parties are in agreement, upon the basis of figures prepared by Messrs. Peat, Marwick, Mitchell & Co., auditors for defendant IRCA, as to the amounts presently due under the judgment herein with respect to all shipments by defendant United and its subsidiary Compania Agricola de Guatemala (hereinafter "Agricola") over the lines of defendant IRCA for the period ending December 31, 1960, and that as against the amounts thus due defendant United is entitled to an offset on account of a certain promissory note heretofore made by IRCA to Agricola and assigned by Agricola to United in the principal unpaid sum of $1,375,000 with interest from May 1, 1958, and it appearing that defendant United desires and is now entitled to tender payment of the net amount due, to stop the running of interest thereon, and to be relieved of further liability with respect thereto, and sufficient cause appearing therefor, upon motion of Davis Polk Wardwell Sunderland & Kiendl, attorneys for defendant United, it is

ORDERED as follows:

(1) Supplemental judgment shall be entered at the

DX 182

foot of the judgment in this case against the defendant United Fruit Company, that defendant International Railways of Central America do recover of defendant United Fruit Company the sum of $3,309,670.39 in respect of shipments of bananas and import shipments of materials and supplies (except diesel oil) made by defendant, United Fruit Company, and its subsidiary, Compania Agricola de Guatemala, over defendant, International Railways of Central America, for the period commencing January 1, 1956 and ending December 31, 1960, together with interest thereon at 4% on such shipments through June 27, 1957 and at 6% from June 23, 1957 to the date of such judgment (such interest amounting to $451,252.96 through January 31, 1961, and accruing thereafter at the daily rate of $544.06).

(2) The net amount due from United to IRCA as of January 31, 1961, is $7,537,721.42, computed as follows:

(a) Amount due under paragraph 6 of judgment, in respect of shipments through December 31, 1955	$4,531,055.38
(b) Interest thereon through January 31, 1961	847,617.69
(c) Amount due under paragraph 8 of judgment (and pursuant to the supplemental judgment hereinatove directed), in respect of shipments during years 1956-60 inclusive	3,309,670.39
(d) Interest thereon through January 31, 1961	451,252.96
Gross amount due as of January 31, 1961	$9,139,596.42
Less (i) unpaid principal of	

DX182

Agricola note	$1,375,000.00
(ii) interest thereon through January 31, 1961	226,875.00
	$1,601,875.00
Net amount due as of January 31, 1961	$7,537,721.42

(3) To said net amount there shall be added net interest (after allowing for offsetting interest on the Agricola note) at the rate of $1,062.86 per day from February 1, 1961, until the date of payment by United as set forth below.

(4) Defendant United is directed to make payment of the sums set forth in paragraphs (2) and (3) above by delivering to Morgan Guaranty Trust Company of New York (hereinafter "the bank") either a certified check or checks or a bank cashier's check or checks therefor payable to the bank for deposit to a special account entitled "International Railways of Central America - Ripley Judgment", and the bank is directed to deposit the proceeds of said check or checks to said special account and to hold the same subject to the provisions of this order and of further orders of this court.

(5) Defendant United is directed, contemporaneously with the making of payment pursuant to paragraph (4) above, to deliver to IRCA or to IRCA's attorney the Agricola note above mentioned, marked "Paid", together with all securities held by United as collateral for said note, and IRCA is directed to deliver to United or to United's attorneys an appropriate receipt for said note and collateral and IRCA is further directed thereupon to deliver said note to the bank to be held by it subject to further order of this Court.

OX 182

(6) Upon delivery of payment and the Agricola note and collateral pursuant to paragraphs (3) and (4) above, IRCA is directed to execute and deliver to the Clerk of this Court a satisfaction of judgment in the form annexed as Exhibit A to this order, and the Clerk is directed to receive and file the same. 1030A

(7) Upon delivery of payment and the Agricola note and collateral pursuant to paragraphs (4) and (5) above, defendant United shall be discharged from all liability to any and all persons, whether or not parties to this action, with respect to the sums thus paid and further interest thereon and with respect to the disbursement thereof.

(8) Until the further order of this Court, defendant United shall pay or cause to be paid into the special account prescribed in paragraph (4) above all sums due and to become due from United or its subsidiary Agricola to IRCA *for the differential between contract rates and the judgment formula* with respect to bananas and imported materials transported over the lines of IRCA on and after January 1, 1961. With respect to each such payment IRCA shall execute and deliver a satisfaction of judgment similar to that prescribed in paragraph (6) above, and defendant United shall be discharged from all liability with respect thereto, and with respect to the disbursement thereof.

See # * 288 8286

(9) All sums deposited in the special account prescribed in paragraph (4) above shall be disbursed therefrom only in such manner and to such persons as this Court may hereafter direct, upon notice to counsel for all parties.

(10) Pending further direction from this Court, the bank is authorized to invest and reinvest the funds in said account, or any part thereof, in obligation of the United States Government or its agencies, or to retain the same in

-: handwritten insertion

DX 182

DX183

SUPREME COURT : NEW YORK COUNTY

1031-A

CHARLES B. RIPLEY, et al., individually and as stockholders of INTERNATIONAL RAILWAYS OF CENTRAL AMERICA, suing in behalf of themselves and for the benefit of said corporation and all other stockholders of said corporation,

Plaintiffs,

-against-

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA and UNITED FRUIT COMPANY,

Defendants.

Index No. 5955/1949

Judgment entered December 19, 1957, as amended nunc pro tunc under date of December 31, 1957 and entered January 2, 1958, for $4,531,055.38 and supplemental judgment entered March 1, 1961 for $3,309,670.39 in favor of International Railways of Central America.

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

WHEREAS, a judgment was, on the 19th day of December, 1957 (as amended nunc pro tunc under date of December 31, 1957, entered January 2, 1958) recovered by the defendant International Railways of Central America against the defendant United Fruit Company in the above entitled action for the sum of $4,531,055.38, which judgment was, on the 2nd day of January, 1958, duly entered in the judgment book in the office of the Clerk of the above named Court, and

WHEREAS a supplemental judgment was on the 1st day of March, 1961, recovered by the defendant International Railways of Central America against the

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defendant United Fruit Company in the above entitled action for the sum of $3,309,670.39, which judgment was on the 2nd day of March 1961 duly entered in the judgment book in the office of the Clerk of the above named Court, and

WHEREAS both said judgment and said supplemental judgment have been wholly paid, and it being further certified that there are no outstanding executions with any Sheriff or Marshal of any County of the State of New York or with any Sheriff or Marshal of the City of New York,

THEREFORE, satisfaction of said judgment and supplemental judgment in respect of the items above mentioned is hereby acknowledged, and the Clerk of said Court is hereby authorized and directed to cancel, satisfy and discharge said judgment insofar as the same relates to the said sum of $4,531,055.38 and interest thereon and said supplemental judgment insofar as the same relates to the said sum of $3,309,670.39 and interest thereon, without prejudice to the rights of the parties in other respects under said judgment.

Dated, March 3, 1951.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

By [signature]
Vice President

Retype of Dx 184

1033A

SUPREME COURT - STATE OF NEW YORK
SPECIAL TERM, PART I - NEW YORK COUNTY

Present:
Hon. Henry Epstein
Justice

JG EST'G A-CC T
* 3-17-61
Recd.3-20-61
JJ
*

CHARLES B. RIPLEY, et al.,

-against-

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA et al.

Index Number 5955, 1949

The following papers numbered 1 to 3 read on this motion Referred on Mar 17 1961
Calendar No. 131

	Papers Numbered
Order to Show Cause and Affidavit Annexed	1 - 2
Filed Papers Order, Epstein, J., March 1, 1961	3

Upon the foregoing papers this motion is granted and order is resettled by adding words "for the differential between contract rates and the judgment formula" in fifth line of paragraph "8" of order after words "IRCA".

Dated Mar 17 1961

H. E.
J. S. C.

Filed Mar 17 1961
New York County Clerk's Office

Sirs:

PLEASE TAKE NOTICE that an order of which the foregoing is a copy was duly entered in the office of the Clerk of the Supreme Court, New York County, on March 17, 1961.

Dated, March 17, 1961.

ABRAHAM K. WERER,
Attorney for Defendant
International Railways of
Central America.

To:

T. ROLAND BERNER, Esq.
General Counsel for Plaintiffs and Plaintiffs-Intervenors.

DAVIS POLK WARDWELL SUNDERLAND & KIENDLE, Esqs.,
Attorneys for Defendant UNITED FRUIT COMPANY.

DEFENDANT'S DX 184
MAR 5 1974

Dx 184

* Illegible. Handwritten

PX 463

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P-9.1
XB-9.1.
3/3/61

MEMORANDUM FOR FILES

File

Re: International Railways of Central America

Mr. Yaeger, who is a director of IRCA, phoned me today (Friday March 3, 1961) and asked if there had been any development in the thinking at the United Fruit Company about the possibility of selling all of our stock in IRCA to him.

There is the following background, among other things, to this call. Several weeks ago, on January 13th , at Mr. Yaeger's request Mr. Gardner and I met with him in the New York offices of Paine Webber and among other things he asked us about our sale of IRCA stock and indicated his interest in acquiring it. He also asked about plans for our Tiquisate Division because of the impact it would have on IRCA financially as well as its plans to move forward with dieselization of the line when and if they could find the finances to do so. Mr. Gardner and I at this time indicated to Mr. Yaeger that the increased rates for moving bananas from Tiquisate to the East Coast imposed on us by the court decree made Tiquisate a very high cost division at a time when we were combatting very low cost fruit produced in Ecuador. Brief reference was made to the fact that boxing in the tropics of bananas, now moving from the experimental stage into limited commercial quantities, meant that there was less damage done to the fruit in the rail haul from Tiquisate to the East Coast port and this perhaps was a good development although not necessarily a controlling one. Reference was also made to the fact that some years ago United Fruit had indicated to the Government of Guatemala that should UFCo. ever be desirous of selling its IRCA stock, that it would be offered first to the Government of Guatemala. We told Mr. Yaeger that we thought this commitment, although probably not a legal one, should be honored but that we would move ahead with this and in a matter of a month or two should be in a position to know whether or not Guatemala was interested and if so whether they could finance the purchase. In the meantime, Mr. Sisto has been in touch with the representatives of Guatemala several times and while they are interested in buying the stock they have not been able to find the necessary finances and it would now appear that we are free to deal with others without feeling that we have in any way departed from the general intention expressed some years ago. On the day that Mr. James McGovern died, I telephoned Mr. Yaeger in New York to tell him of this fact and in the course of that conversation indicated that I thought we were now free to deal with Mr. Yaeger on the matter of this stock since the Government of Guatemala apparently

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was not able to move forward with the purchase. In this phone call I reminded Mr. Yaeger that we were thinking in terms of approximately market price for the stock plus a small premium on account of the size of the block of stock being offered (i.e. 40%).

In the telephone call on March 3rd Mr. Yaeger made reference to our previous conference in New York and our telephone conversation on (February 16) (at the time of Mr. McGovern's death) and asked me if there was anything new to report. I told him that I thought his call was very timely, particularly in view of the fact that I had planned to be in Europe next week, and I thought perhaps something should be started on this before I left. In this conversation we re-covered the same material discussed in New York at our first meeting about the future of the Tiquisate Division. Again I told him that United Fruit Company could not make any definite statement one way or the other about the future of this division other than to say that the higher rates in transportation imposed by the courts made Tiquisate a very high-cost division and this extra cost could become critical in an era when we were finding competitive pressures from Ecuador resulting from the very low-cost bananas that are grown in that country. I told Mr. Yaeger also that the development of variety bananas resistant to Panama disease created a whole new set of opportunities as well as a new set of problems for us as to where we could best grow bananas for the market and that it would be the end of 1961 at least before we would be finally sure as to what our policy might be and I could even guess that perhaps it would be into 1962 before any such decision could be made. With respect to dieselization I told him that this would have to be a decision which the railroad would make and that I did not want to be understood as to recommending one way or the other what should be done or even indicating one way or the other what the future of the Tiquisate Division might be or what the future of our relationships with IRCA might be.

In this first conversation on March 3rd Mr. Yaeger indicated that he was thinking in terms of $10 or $11 per share and would like to have four or five years within which to pay for it presumably in equal payments each year.

I told Mr. Yaeger I would confer briefly with Mr. Gardner and some of our other associates and would let him know promptly as to our reaction. I talked to Mr. Gardner as well as to Mr. Holcombe and Mr. Gardner concurred in my own feeling that we should have a slightly higher offer because the stock is currently selling above the $10 or $11 range offered by Mr. Yaeger. Mr. Gardner and I both felt that we would like to have a full cash offer, if possible, and

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if one was made we might take a little less than the market value or at least forego the premium that we discussed when we met with Mr. Yaeger in New York. After talking with Mr. Gardner I telephoned Mr. Yaeger at the number in New York which he gave me and as a result of that discussion he said he was willing to make the following offer:

1. He would offer us $12 per share for our entire block of IRCA stock in an all cash transaction (i.e. no installment payments over a period of time).

2. He was willing to buy or contract to buy the stock in advance of the time that the "secondary registration" (if any is needed) is filed with the SEC. We agreed between us that we would split 50-50 any cost of such a registration statement if one was necessary.

3. I told him that I would ask Mr. Victor Folsom, our General Counsel, to get in touch with him Monday or Tuesday of next week and work out the arrangements for the contract between the two of us for the sale and purchase of this stock.

In connection with this last discussion Mr. Yaeger stated that he had the feeling that since Standard Fruit was shipping bananas over IRCA and was paying the full tariff now required by the court for United Fruit to pay, that this was an indication that bananas could be shipped properly over the railroad and at costs which would be competitive. I told him that I did not want to be understood as commenting one way or the other as to whether United Fruit would or would not ship over the railroad in the future at a time when we were free of the present contract or even during the period when we were subject to the contract and that he would have to enter the transaction for the IRCA stock without any representation or indication of any kind from the United Fruit Company.

I discussed this whole matter with Mr. Folsom and he will look into it promptly on Monday morning. I explained to him the necessity of putting some kind of a recital in the contract we execute with Mr. Yaeger to the effect that we were making no

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representations whatever with respect to the future of the Tiquisate Division so that there could not be the basis for any feeling that he had been mislead by anything we said or did in the course of these negotiations.

This records the substance of the two telephone discussions with Mr. Yaeger.

Thomas E. Sunderland

DX187

Retype of DX 188 (cover page, pages 1-5, 10)

1038A

COMPANIA AGRICOLA DE GUATEMALA
Office of the Manager

Tiquisate, Guatemala
March 6, 1961

Mr. R. A. Holcombe
Armuelles, Panama

Dear Mr. Holcombe:

Enclosed is this Division's Annual Report for the year 1960.

Yours very truly,

J. R. Silver

Enclosure

cc: Mr. R. O. Miller
Dr. J. K. Hobson
Mr. J. K. Simms
Mr. C. R. DeLawder
Dr. W. G. C. Forsyth

DEFENDANT'S

FEB 4 - 1974

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COMPANY PRODUCTION

Out worst blowdown for the year occurred on May 12th, with a loss of 1,400,000, 95% of which occurred on the lower farms. This is considered an unusual occurrence. Two farms, Antigua and Peten, had practically no windstorm damage and produced 304 and 298 stems per acre respectively.

Average weights for American fruit increased considerably over 1959, from 72.1 to 78.6, an increase of 6.5 pounds.

Twentyfour percent of our total shipments, including Associate Producers, went to the European Market.

ACREAGE

The following acreage was abandoned during the year:

Panama Disease	860.7 Acres
Poor Soils	204.8 Acres
Total	1,065.5 Acres

IRRIGATION

Irrigation was terminated the last week in May and started up again during the last week of October but due to unexpected heavy rains over the entire division, was stopped on November 1st, and commenced again on November 10th, thus enabling us to save approximately 1 ½ cycles. With the conversion of Projects 16, Tacaná and 17, Ticanlú to undertree, this brought the entire division under undertree. We have no doubt that conversion to undertree has done a great deal to improve the quality of our fruit; and although costs per acre are approximately the same as overhead, a considerable saving is effected, as we are enable to stop Sigatoka control almost entirely from the end of December through March.

It is a little early to appraise and compare the advantages or disadvantages of the hose versus pipe layouts in Izabal and Verapaz Farms. Pumping costs remain the same. There is a saving in labor on the pipe layout of .175 per cycle acre, which on a 30-cycle basis on the above profit amounts to $5,000.00 annually. Repairs are approximately the same since heavy hose replacements will not be necessary for five years (that being the estimated life of plastic hose).

Due to abandonments Overhead Project 14 was discontinued and salvaged.

Cycles	1960	1959
Overhead (through May)	21.80	21.58
Undertree	23.92	25.05

FERTILIZING

An average of 290 pounds of nitrogen were applied during the year. Application was made in the following manner:

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	Cycles	Pounds Nitrogen per Project Acre
Spray	7.68	44.56
Hand	3.58	220.91
Irrigation	1.36	24.53
Average Division		290.00

Applied by irrigation only (included in average Division above).

Project Areas	Cycles	Pounds Nitrogen per Project Acre
1,976.0	12.85	321.62

SIGATOKA CONTROL

Distribution of acreage and spray materials used at the beginning and end of the year:

	January 1960	December 1960
Bordeaux - Hand	15,477	14,623
Bordeaux - Helicopter	397	797
Tribasic	826	2,817
COCS	1,028	-
Microgel	963	-
Oil	551	-
Total	19,242	18,237

Three fungicides were applied with helicopter during the year, namely: Tribasic, COCS and Microgel. When the Tribasic and COCS supply was exhausted, these areas amount to 2,817 acres were put on Tribasic.

With the beginning of 1961 operations, the program will be as follows:

Tribasic	826 Acres	5%
Dithane M-22 (If material is cleared for use)	600 "	3%
Bordeaux (Hand and Aerial)	16,811 "	92%
Total	18,237 Acres	100%

Control for the entire year was considered very good. There were no areas that had to be chopped back due to infection.

Zunil Farm, 800 acres, was controlled the entire year with Bordeaux, applied by helicopter at the rate of ten gallons per cycle acre. At year's end, the control was satisfactory but there was very light infection in approximately 300 acres. The control was better than during previous years when the area was under overhead irrigation and hand spray. We are discussing the advantages and possibilities of placing more acreage under aerial Bordeaux in 1961.

To date, we are not satisfied with the control of the Tribasic*

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* line illegible on court stamped copy

It seems to have a more burning effect on the leaves than other fungicides, causing premature leaf fall as well as premature ripes. This situation was reported in early September; however, some improvement was noted at the end of the year.

PANAMA DISEASE

Status of Panama Disease Floresta District:

	End of 1959	1960	Total End of 1960
Cases	4,759	7,244	12,003

TYING FRUIT TO MAT

Stems Tied	Labor	Material	Total
6,105,039	.0153	.0132	.0285

PROPPING

	New Propping	Repropping	Total
Stems	740,534	1,047,771	1,984,958
	Labor	Material	Total
Cost	.0745	.0575	.1320

New propping is discontinued during the months of April through October and during the blowdown season, repropping is limited.

Our casual losses now that we have the taltuza under control are less than before and it is questionable as to whether or not we are justified in spending this amount for propping. This expense will be cut down considerably in 1961 and perhaps even more in the future.

GUYING

		Cost		
		Labor	Material	Total
Stems	196,653	.0459	.0595	.1054

This operation is carried out only along side of roads where propping is impractical.

TREE BAGGING

Stems Bagged	Labor	Material	Total
2,026,532	.0225	.0498	.0723

Bagging was stopped in April, during the blowdown season, and commenced again in October. This is an operation that unbelievably improves the appearance of the fruit, especially in those areas

where strong afternoon breezes prevail.

BLOWDOWNS

We suffered twelve blowdowns during the year, some four less than during 1959; however, 71% of our total losses occurred during the windstorm of May 12th.

The only other blowdown of major proportions occurred on April 15th, comprising 14% of total losses, most of which was in "Track C". The balance were of a minor nature.

Total division blowdowns:

Available	Plants	Total
1,006,000	954,000	1,960,000

GOPHER CONTROL

It is very evident that the money spent in the last couple of years in an endeavor to eliminate this pest has been fully justified. Uproots, doublings and poor fruit have been greatly reduced.

Cost per acre for control has dropped from $2.43 to $0.80, indicative of a big drop in pest population.

MISCELLANEOUS

COCOS

Following is the status of acreage planted in Cocos:

Original Seed Bed	111.5
Acres Replanted	80.3
Gros Michel Supplied with Cocos	921.9
Cocos Experimental Planting	8.4
Total	1,122.1

All of our field men are somewhat disappointed with the Cocos as the time passes. Certainly the ratoon crops are inferior to the plantilla crop. In appearance, our Cocos fruit, despite the fact that the plantations have been given preferred attention, does not compare favorably with the Gros Michel. However, when this fruit is dehanded, the appearance seems to improve considerably and it is believed that it would be readily accepted in boxes.

There is a certified Cocos seed bed of approximately seven acres on Izabal Farm.

VARIETIES

On Ipala 5, two-acre plots of varieties were planted from stripped material beginning June, 1960. A small amount of fruit

Ox 188

has been harvested from the area and various records are being kept but there is insufficient data to date for evaluation. The areas are being cultivated for production. The plots are:

No. 3	Giant Cavendish
4	Valery
6	Jamaica
8	Congo
9	Grand Nain

TACANA SPORT

Have decided this is not a good variety for export.

METEOROLOGY

The average rainfall was 86.86, 28.17 inches higher than in 1959. The range was from 97.76 inches in Siguacan District to 73.66 inches in Floresta District. We had several "temporales" in August, September and October.

Due to heavy rains the latter part of October, approximately 458 acres of Laurel, Palo Blanco and Primavera were under water for several days. Fortunately, the water flowed constantly and the damage was slight. Some 16 acres had to be chopped back.

EXPERIMENTS

All discontinued except Nemagon.

NEMAGON

Applications look promising, but it is too early to arrive at any conclusive results. This is under the direction of Research Department, La Lima

Following is data available to date:

Project 9 - Cedro

Gallons of Nemagon	Fruit Shot	Reaped	Average Weight	Uproots
0	704	306	58.11	80
1	860	431	65.42	60
2.5	881	423	66.03	59
5	917	489	66.29	56
10	921	471	66.31	56

Project 10 - Izabal

0	869	530	76.83	18
1	921	575	80.51	6
2.5	908	624	81.46	4
5	901	620	80.91	1
10	920	651	81.59	2

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The Seventh Championship was inaugurated on February 7th, and terminated on September 25th. The Championship was won by the "Huratracteo" Team from Tecpan Farm, and second place was won by the "America" Team of Verapaz Farm. All of these games are usually attended by large crouds of laborers and their families.

AGRARIAN PROBLEMS

Squatter encroachment on Company lands continued to be a major problem during the year. They have occupied areas West of the Nahualate River, South of Floresta District farms. In the month of October, after fence lines below Palo Blanco-Primavera were completed, the squatters, under new leaders, advised us they would never vacate this area and started cutting fence lines and agitating throughout the area. After fences were destroyed, cattle was driven from pastures into our banana farms. The crews sent to repair damaged fences were stopped by a large group of armed squatters.

The above was reported to Government officials, and they sent an agrarian inspector and soldiers and the Departmental Governor made a visit and tried to convince these people to vacate Company owned land. They refused to move but allowed the repairs on fence lines and the erection of camps for our livestock labor.

As recent as the month of December, these squatters destroyed six kilometers of fence lines, and shot at a Company car that was making an inspection of the area.

We have hopes that with the assistance of the authorities, we will be able to clear this area of so many squatters in 1961.

IMPORTANT EVENTS IN THE COUNTRY

On July 19th, the Government issued a decree declaring a "state of siege" for thirty days and a curfew from 9:00 P.M. to 6:00 A.M. This was prompted by the continued political agitation and subversive activities in Guatemala City. The "state of seige" was suspended on September 15th, but immediately substituted by a "state of alarm", lasting for one month.

A military revolution started on November 13th and terminated on November 17th with the surrender of rebel forces. This did not affect the division's activities, except that all fruit shipments were cancelled for this period.

LIVESTOCK

RECAPITULATION OF ALL HERDS DURING 1960

On hand January 1st, 1960	4,515
Purchased	2,193
Births	1,641
	8,349
Sold	215
Deaths	236
Transfer to Bananera	30
On hand December 31st, 1960	7,868

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MEMORANDUM

1045A

March 9, 1961

Mr. Sunderland:

The attached details are the result of a study made to determine the potential of various divisions for the production of Valery bananas by comparison with landed costs U. S. ports and with due consideration to other important factors. In order to establish a basis for comparison, certain conditions were made specific and are as follows:

1. The division would consist of approximately 30,000 acres of Valery bananas.

2. The value of existing assets not used in the development not to be included in calculating the depreciation costs.

3. Estimates to be based on a normal year after division has reached desired acreage.

4. Estimated costs based on stem fruit per 100 lbs. The costs of boxed fruit will be in direct relationship to cost of stem fruit.

5. Estimated costs are also based on Company-operated farms because of inadequate information on Associated Producers at the present time.

Preparation of estimates for the future naturally requires numerous assumptions which may or may not prove to be exactly accurate. Since no attempt has been made in this study to forecast such things as rising labor and material costs, it would be unrealistic to expect the fruit from any one division to be landed at a U.S. port for the specific costs shown. However, it is believed that this comparison between the different divisions is sufficiently accurate to serve the purpose for which this study was made.

Other factors which are involved besides costs are as follows:

New monies required.

Soil (Classified as first-class banana land based on texture and depth.)

Wind damage (Blowdowns and wind whipping of leaves).

Minimum temperatures and other growing conditions. (Low temperatures that could cause chilling and other inclement weather affecting normal maturity of fruit.)

Expansion potential over 30,000 acres.

Relative location to most important U. S. and European markets.

Political climate.

945

DEFENDANT'S

DX 189

JAN 20

1046 A

-2-

While it is difficult to determine the true weighted value of each of many factors involved, an attempt has been made. The most important single factor, because of low cost competitive fruit available in Ecuador, is no doubt the landed cost in the U. S. The new monies involved, while already included in the total cost per cwt., should be considered because of the Company's financial position. Political climate, while extremely important, is very difficult to forecast and, for this reason, can not be given a higher rating. Other factors, while probably of somewhat lesser importance, are certainly worthy of evaluation.

By use of the following table, we come out with a picture which we believe gives a fairly good comparison of the various divisions.

	Almirante	Armuelles	Golfito	Honduras	Bananera	Tiquisate
Total Landed Costs	2	1	5	4	3	6
New Monies	6	1	3	2	5	4
Soil	1	3	4	2	5	6
Minimum Temperatures and Other Growing Conditions	1	2	3	5	6	4
Wind Damage	1	3	2	5	4	6
Expansion Potential	6	4	3	1	5	2
Relative Location	3	4	5	2	1	6
Political Climate	2	2	1	6	4	4
	22	20	26	27	33	38

1 - Best division, 2 - Second best, 3 - Third best, etc.

As would be expected, after taking everything into consideration, Armuelles has the greatest over-all potential, followed in order by Almirante, Golfito, Honduras, Bananera, and Tiquisate. On the basis of the above, it is obvious that the future of the two Guatemala divisions for the production of varieties is extremely doubtful and they should get top priority in our plans for reduction of costs and disposal of properties.

R. O. Miller

R. O. Miller

Attachments (3)

Copy to: Mr. A. E. Carpenter
Mr. R. A. Holcombe

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DETAIL OF TROPICAL COSTS AND STATISTICS

	Alvarado	Arguelles	Golfito	Honduras 30,000 Acres (A)	Honduras 30,000 Acres (B)	Honduras 40,000 Acres (A)	Honduras 40,000 Acres (B)	Panama	Tiquisate (C)	Tiquisate (D)
Farm Maintenance	$ .626	$ .513	$ .610	$ .673	$ .679	$ .666	$ .673	$ .551	$ .786	$ .779
Disease Control	.305	.240	.293	.240	.240	.240	.240	.330	.243	.235
Harvesting	.144	.100	.130	.118	.118	.115	.115	.124	.132	.130
Total Farm Cost	1.075	.853	1.033	1.031	1.037	1.021	1.028	1.005	1.159	1.145
Railway	.075	.049	.071	.162	.176	.125	.135	.030	.535	.090
Marine	.002	-	.001	.001	.001	.001	.001	.001	-	-
Pickup	.073	.073	.108	.111	.111	.105	.105	.070	.100	.100
Rail Others	.020	.020	-	-	-	-	-	.155	.032	-
Total Transportation	.190	.202	.209	.274	.288	.231	.241	.336	.667	.190
General Expense	.151	.170	.206	.265	.265	.218	.219	.159	.146	.140
Taxes	.003	.007	.023	.005	.005	.003	.003	.023	.020	.021
Export Duties	.020	.024	.020	.015	.015	.015	.015	.020	.020	.020
Rentals Received	-.001	-.003	-.003	-.004	-.004	-.003	-.003	-.002	-.006	-.006
Inter Departments	.070	.024	.073	.122	.122	.091	.091	.052	.064	.061
Marine Loading Expense	.061	.032	.068	.033	.032	.032	.032	.150	.150	.030
Depreciation	.316	.187	.306	.245	.220	.216	.203	.206	.211	.211
Property Losses	.003	.013	.014	.022	.022	.017	.017	.005	.002	.002
Company Rental	-.014	-.024	-.013	-.029	-.029	-.022	-.022	-.008	-.014	-.013
Livestock	-	-	-	.002	.003	.002	.002	-	-	-
Extra Overhead	-.018	-	-	-	-	-	-	-	-	-
Desantis	-	-	.018	.014	.014	.013	.011	.022	.029	.027
Total F.I.S. Cost Per Stem	$1.884	$1.555	$1.945	$2.045	$2.040	$1.884	$1.894	$1.984	$2.417	$2.183
Acres	25,478	30,000	30,000	30,000	30,000	40,000	40,000	30,000	30,000	30,000
Stems	8,026,000	9,000,000	9,000,000	9,000,000	9,000,000	12,000,000	12,000,000	9,000,000	8,400,000	8,700,000
Stems Per Acre	315	300	300	300	300	300	300	300	280	290
New Funds	$16,275,000	$8,610,000	$10,256,500	$11,228,300	$9,012,100	$11,097,800	$14,162,500	$14,200,000	$12,510,000	$21,854,100
New Funds Per Acre	640	287	342	374	300	277	354	473	417	728
Costs Per Acre:										
Farm Maintenance	$197	$154	$183	$202	$204	$200	$202	$168	$220	$229
Disease Control	122	72	88	72	72	72	72	96	63	63

(A) New farms nearer port
(B) Expansion in presently cultivated areas
(C) Expansion in presently cultivated areas and shipment through Barrios
(D) New farms nearer port and shipments through Concepcion

Agricultural Operations
March 6, 1961

DX 8/60

10/17/61

DX 189

1048 A

DETAIL of COST at a U. S. PORT

	F.A.S. Cost Per Stem	Weight Per Stem	F.A.S. Cost Per 100 Lbs.	Ocean Freight Per 100 Lbs. *	Selling and C.O. Expense Per 100 Lbs.	Total Cost Per 100 Lbs. U. S. Port
Alajuela	$1.888	80#	$2.360	$1.25	$.68	$4.290
Armuelles	1.555	80#	1.944	1.53	.68	4.154
Golfito	1.945	80#	2.431	1.53	.68	4.641
Honduras - 30,000 acres, nearer to port	2.045	80#	2.556	1.13	.68	4.366
" - 30,000 acres, expansion of presently cultivated areas	2.040	80#	2.550	1.13	.68	4.360
" - 40,000 acres, nearer to port	1.884	80#	2.355	1.13	.68	4.165
" - 40,000 acres, expansion of presently cultivated areas	1.894	80#	2.368	1.13	.68	4.178
Banamera	1.960	78#	2.518	1.13	.68	4.328
Tiquisate, East Coast Shipments	2.417	78#	3.099	1.13	.68	4.909
" , Development of Concepcion	1.983	78#	2.549	1.51	.68	4.739

* Estimated freight rates are to U. S. East Coast port with exception of Tiquisate alternate based on development of Concepcion, which is to a West Coast port.

Agricultural Operations
March 9, 1961

SUMMARY

	Acres	New Funds Amount*	New Funds Ranking	New Funds Per Acre Amount	New Funds Per Acre Ranking	Stems Per Year *	F.A.S. Cost Per Stem Amount	F.A.S. Cost Per Stem Ranking	U.S. Cost Per 100 Lbs. Amount	U.S. Cost Per 100 Lbs. Ranking
Almirante	25,478	$16,295.0	9	$640	9	8,026	$1.888	3	$4.290	4
Armuelles	30,000	8,610.0	1	287	1	9,000	1.555	1	4.154	1
Golfito	30,000	10,256.5	3	342	3	9,000	1.945	5	4.641	8
Honduras (Cultivations nearer to port)	30,000	11,228.3	4	374	5	9,000	2.045	9	4.366	7
" (Expansion in presently cultivated areas)	30,000	9,012.1	2	300	2	9,000	2.040	8	4.360	6
" (Cultivations nearer to port)	40,000	15,097.8	8	377	6	12,000	1.824	2	4.165	2
" (Expansion in presently cultivated areas)	40,000	14,162.5	6	354	4	12,000	1.894	4	4.178	3
Bananera	30,000	14,200.0	7	473	8	9,000	1.964	6	4.328	5
Tiquisate (Shipments through Barrios)	30,000	12,510.0	5	417	7	8,400	2.417	10	4.909	10
" (Development of Concepcion)	30,000	21,854.1	10	728	10	8,700	1.908	7	4.739	9

(* 000's omitted)

1049A

Agricultural Operations
March 9, 1951

68-X-81

1050A

CIA. AGRICOLA DE CIATE...
TIQUISATE
.961
MANAGER'S OFFICE

Boston, Massachusetts
March 9, 1961

Mr. R. A. Holcombe
Puerto Armuelles

Dear Mr. Holcombe:

I am in complete agreement with Mr. Silver's letter of March 1st to you with regard to Cocos bananas.

In view of the trade resistance to Cocos fruit, particularly during the winter months, I see little or no advantage in planting or replacing Gros Michel blowdown areas with Cocos bananas at Tiquisate.

Yours very truly,

R. O. Miller

cc: Mr. T. E. Sunderland
Mr. J. M. Fox
Mr. J. H. Roddy
Mr. J. R. Silver

SALVADORAN DEFENDANT'S
MAR 11 1974 DX 190

1051A

From the desk of
THO. E. SUNDERLAND

Received from
Ennis Pelt (Brownsville)
in letter to T.E.S.
dated 3/18/11.

T.S.

452

DX 192

cup

Draft of March 18, 1961 10524

THIS AGREEMENT dated the day of March, 1961, by and between LOUIS YAEGER of 5237 Netherland Ave., Riverdale, New York City (the Buyer), party of the first part, and UNITED FRUIT COMPANY, a corporation organized and existing under the laws of the State of New Jersey (the Seller), whose principal office is at 30 St. James Ave., Boston, Mass., party of the second part,

WITNESSETH, That, in consideration of the agreements hereafter contained to be by the parties respectively performed, it is agreed as follows:

1. The Seller agrees to sell to the Buyer, and the Buyer agrees to buy from the Seller, two hundred and thirty-three thousand six hundred (233,600) shares of the common stock ("the shares to be sold") of International Railways of Central America ("IRCA"), New Jersey corporation, for the purchase price of $2,768,200. Simultaneously with the signing of this agreement the Buyer has paid to the Seller by certified or cashier's check ten percent of the purchase price, or the sum of $276,820, receipt of which is hereby acknowledged by the Buyer.

2. The shares to be sold shall be delivered to the Buyer, and the Buyer shall pay in like manner the

DX 192

Draft of June 16, 1961

DX 1053A

AGREEMENT made the 19th day of June, 1961, between UNITED FRUIT COMPANY, a New Jersey corporation, whose principal address is 30 St. James Avenue, Boston, Massachusetts, hereinafter referred to as "Seller", and LOUIS YAEGER, residing at 5237 Netherland Avenue, Riverdale, New York City, hereinafter referred to as "Buyer";

W I T N E S S E T H:

In consideration of the mutual promises herein contained, the parties agree:

1. The Seller agrees to sell to the Buyer, and the Buyer agrees to purchase from the Seller, two hundred thirty-three thousand six hundred (233,600) shares of the common stock of INTERNATIONAL RAILWAYS OF CENTRAL AMERICA, at the price of ten dollars ($10) per share, for an aggregate price of two million three hundred thirty-six thousand six hundred dollars ($2,336,000).

2. The Buyer agrees to make a down payment of ten thousand dollars ($10,000) simultaneously with the execution of this agreement, receipt of which is acknowledged, and to pay the balance of two million three hundred twenty-six thousand dollars ($2,326,000) by certified or bank cashier's check or checks to the order of the Seller upon the closing.

3. The Seller agrees to deliver to the Buyer at the closing certificates for the shares of stock sold hereunder, in proper form for transfer, endorsed in blank, with signatures guaranteed as required by the rules of the New York Stock Exchange, together with all necessary stock transfer stamps.

DX. 1254A

4. The closing shall take place at the address of the Seller, 30 St. James Avenue, Boston, Massachusetts, on August 21, 1961, at 11 A.M. Time is of the essence under this contract. At the option of the Buyer, the date of closing may be advanced to an earlier date upon at least three days written notice to the Seller.

5. The Seller represents that it is the beneficial owner of, and has valid marketable title to, the shares to be sold, and that upon consummation of the sale thereof in accordance with the terms of this agreement the Buyer will acquire valid marketable title thereto, free and clear of liens and encumbrances.

6. The Buyer represents, and agrees, that in purchasing the shares being sold hereunder the Buyer has no present intention of selling or distributing the same.

7. The Buyer agrees that he will not at any time make a sale or distribution of the shares being sold hereunder without first obtaining appropriate registration of the offering thereof under the Securities Act of 1933 unless counsel for the Seller and Buyer have both delivered to the parties their respective legal opinions in writing that such registration is not necessary in connection with such sale or distribution. The Seller shall have no obligation or responsibility in connection with the preparation or filing of any registration statement.

8. The Buyer has been informed of subsections (A) and (B), Article VII of a final judgment filed February 4, 1958 in the United States District Court for the Eastern District of Louisiana in United States of America v. United Fruit Company (Civil Action No. 4560), and therefore

DX 193

represents that his purchase of the shares aforesaid is for his own account, and without limiting the foregoing, that he has had and has no relationship or affiliation, directly or indirectly, with the Seller and that he is not purchasing such shares in association with or for anyone who has any relationship or affiliation, directly or indirectly, with the Seller.

DX/0375A

9. The Buyer acknowledges and agrees that the Seller has made and makes no representations of any kind to the Buyer with respect to the financial condition, prospects, business or properties of INTERNATIONAL RAILWAYS OF CENTRAL AMERICA, with all of which the Buyer, who is a member of the Board of Directors of said railroad company, is familiar, and further acknowledges and agrees (a) that the Seller has made and makes no representation of any kind to the Buyer with respect to the business or the future conduct of the business of the Seller, or any subsidiary corporation of the Seller, in Guatemala or elsewhere, including without limitation the shipment of bananas or other use of the railroad company aforesaid, and (b) that the Seller shall have no obligation to the Buyer to continue to conduct such business or any part thereof, or any obligation to continue to own or operate any part of the property engaged in such business.

10. In the event that the Buyer shall fail, refuse or be unable to consummate this agreement, then (a) the down payment of $10,000 hereunder shall become the property of the Seller absolutely and (b) the Buyer will reimburse the Seller the sum of $934.40, being the amount paid by the Seller for stock transfer stamps in connection

DX 193

1056A

with the execution of this agreement. Said sums shall constitute liquidated damages, and not a penalty, and the parties agree (a) that said liquidated damages shall be and constitute the full measure of the Seller's damages hereunder without any further or other liability or obligation of the Buyer under this agreement, and (b) that the Buyer, in such event, shall have no claim upon or against the shares aforesaid, or against the Seller.

11. This agreement shall not be assignable by the Buyer without the written consent of the Seller, and shall be binding upon the heirs, executors, administrators and successors and representatives of the Buyer. It shall not be assignable by the Seller except to a successor corporation or with the written consent of the Buyer.

12. This instrument constitutes the entire agreement between the parties, and no representations, promises or warranties have been made by one to the other except as herein set forth. This agreement may not be changed, altered or modified except in writing signed by both parties.

13. Any notice pursuant to this agreement to be given to either party shall be addressed and delivered as follows:

To the Buyer, at 5237 Netherland Avenue,
Riverdale, New York;

To the Seller, at 30 St. James Avenue,
Boston, Massachusetts.

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above mentioned.

_____ (L.S.)
Louis Yaeger

UNITED FRUIT COMPANY

By _____

Attest:

_____

OX 173 X

1057A

UNITED FRUIT COMPANY

GENERAL OFFICES, 30 ST. JAMES AVENUE
BOSTON 16, MASSACHUSETTS

TELEPHONE
HUBBARD 2-9700

THOMAS E. SUNDERLAND
PRESIDENT

March 30, 1961

HEADS OF DEPARTMENTS, DIVISION MANAGERS AND ACCOUNTANTS:

Boxing Program

The experimental boxing project to develop a satisfactory box for the packing, transporting and marketing of bananas has progressed to the point where it is necessary now to prepare plans for introducing boxed bananas into the initial markets.

It will be possible to realize maximum economies and benefits from boxed bananas only if they can be successfully marketed. The entire boxing program, therefore, becomes a prime responsibility of the sales function.

Accordingly, the responsibility for the direction of and all decisions pertaining to the boxing program -- both experimental and commercial -- is assigned to Mr. J. M. Fox, Executive Vice President.

The successful conclusion of the boxing program is of vital importance to the Company, and I ask all persons concerned with the program to consider it a priority project.

T. E. Sunderland.

Thomas E. Sunderland

DEFENDANTS
JAN 29 1974
D x 196

Retype of DX 200

1058A

P-4-*

XP-5.3-*

MEMORANDUM

April 27, 1961

Mr. Miller:

With reference to your memorandum of April 24, 1961, attached, the following action was taken by the Executive Committee at its April 26, 1961 meeting:

> "Voted to authorize an advance of $10,000 requested by the Compania Agricola de Guatemala for the installation of two non-mechanized boxing stations in the Tiquisate Division."

You are hereby authorized to proceed in conformance with the above resolution.

Thomas E. Sunderland

Attachment

* illegible

DX 200

COMMUNICATIONS BUREAU

NOLA101

Copy of Message Received

1059A

BOSTON, MAY 11, 1951

659PM

GUATEMALA MAY 11TH 446PM

RUSH MILLER

REGRET ADVISE CLARENCE ADAMS LABOR RELATIONS SHOT AND KILLED HIS OFFICE ONEFIFTEEN PM TODAY BY EXWORKER HIS FAMILY ADVISED STOP FUNERAL FRIDAY 4 PM GUATEMALACITY REPEATED HOLCOMBE

SILVER

MR SUNDERLAND
MR SISTO
MR MOORE
MR MILLER (2)
MR FOLSOM (2)
MR MCDONKEY (2)
MR TOLAND

DEFENDANT'S

JAN 29 1974

205

1060A

REQUEST FOR AUTHORITY

CIA. AGRICOLA DE GUATEMALA -- 6/13/61

PROJECT: To authorize the sale, exchange, donation or other disposition of approximately 5,725 acres of land owned in the Republic of Guatemala on such terms and conditions as may be deemed advisable and issuance of special Power of Attorney.

COST: Lot W, Inv. No. 77 Book Value $14,584.77

REMARKS: This area is known as Huitzizil and is heavily occupied by squatters of whom some 300 to 500 have pastures or cultivated areas in lots of from 5 to 100 acres. The heavy squatter population has been a source of trouble for years as they tend to move into adjoining pasture lands which we wish to keep. Over 200 families have been moved out of our pastures in the last five months, the last dozen or so having been moved out by the Army after our Labor Relations Supervisor was killed by one of the squatters.

This land is of no value to the Company as much of it is swampy and is all subject to flooding as it is badly cut up by streams.

There is considerable pressure from the Guatemala Government to make land available to the small farmer and it is expected that offering this area for sale to the present squatters will result in favorable publicity as well as eliminating a serious source of trouble for the Company.

The disposal of the land would be advantageous to the Company even if it were given away but the local Manager considers that the sale of the land would be more beneficial to all concerned and it is recommended that he be authorized to dispose of the area either by sales at whatever prices he can get or by other means. It is expected that the majority of this lot can be sold at over $5. per acre.

Easements for drainage facilities will be retained and a suitable area will also be reserved for a portsite (and access thereto) as any West Coast port which might be built in the future would probably be located in this lot.

R. O. Miller

R. O. Miller

APPROVED BY
BOARD OF DIRECTORS

J. M.

6/26/61

DEFENDANT'S

MAR 11 1974 DX 2094

Retype of DX 210

folder 2 - 1

1061A*

MEMORANDUM

June 26, 1961

Mr. Sisto:

With reference to your request, the following action was taken by the Board of Directors at its June 26, 1961 meeting:

> "Voted to authorize the President or either Executive Vice President to enter into a contract to sell to Mr. Louis Yaeger (and any associates acceptable to the Company) 233,600 shares of the common stock of the International Railways of Central America held by United Fruit Company, at a price of $10 per share upon deposit of $10,000 cash."

You are hereby authorized to proceed in conformance with the above resolution.

Thomas E. Sunderland

cc: Mr. Folsom

DEFENDANT'S

JAN 29,1974

DX 210

* illegible

COMMUNICATIONS BUREAU NOLA70

Copy of Message Received BOSTON JULY 13, 1961

1062A 1PM

GUATEMALA JULY 13TH 1004

MILLER

GOVERNMENT DECREED LAST NIGHT STATE SIEGE FOR THIRTY DAYS SUSPENDING CONSTITUTIONAL GUARANTEES AS RESULT OF ABORTIVE UPRISING YESTERDAY MORNING THIS CITY STOP BUSINESS ACTIVITIES ETCETERA NORMAL AND GOVERNMENT HAS ANNOUNCED ENTIRE COUNTRY CALM AND UNDER CONTROL REPEATED HOLCOMBE

PINTO

MR SUNDERLAND
MR SISTO
MR FOX
MR MILLER (2)
MR MARQUETTE
MR CARPENTER
MR REAGAN (2)
MR FOLSOM (2)
MR MCCONKEY (2)
MR HOWLEY
MR TILLEY

DECLASSIFIED
JAN 29 1974 Dx 212

Retype of DX 215

1063A

5.9.1.0.
XP.9.1

MEMORANDUM

August 14, 1961

Mr. L. S. Sisto
Mr. V. C. Folsom

Mr. Yaeger's professed interest in getting an option to buy our stock in IRCA at $10 per share seems to be on dead center. I wonder if one of us should not call him to see whether there is still any genuine interest or whether we should forget the matter. If you think I am the proper one to do so, I will be glad to do it.

I understand that there is one member of Yaeger's proposed syndicate whose name caused some raised eyebrows when we first heard it. I understand Mr. Yaeger would like us to tell him that this man is not acceptable to us. While I am sure we would prefer to have the syndicate completed without this man present, I am not sure that we want to say that he is unacceptable. I think we should tell Mr. Yaeger that if he wants to make a bid, we will be glad to listen to it but during the course we have the right to decline to give the option if, on reflection and after study of the group involved in the syndicate, we can prove that it is not in the best interests of IRCA and/or the United Fruit Company stockholders to do so.

This also raises the question as to whether we should broaden the provisions of the agreement between us to come close to having a "general release" from the group buying our stock, to at least minimize the possibility some of the people in the syndicate are joining it with a principal purpose in mind of bringing litigation against the United Fruit Company.

Thomas E. Sunderland

DEFENDANT'S

JAN 29 1974 DX-215

MEMORANDUM

1064-A

October 2, 1961

Mr. T. E. Sunderland:

The Cash Flow Study of the Guatemala West banana operation which was completed the early part of August indicated a negative cash flow for the year 1962 of $255,000. The price used for Guatemala West fruit to the United States and Canada for both 1961 and 1962 was $4.34. The average receipts for Guatemala West bananas sold in the United States and Canada from the beginning of this year through the week-ending September 23 were $4.52. Using this average price for the year 1962 the negative cash flow would be reduced to $90,000, and as the break-even sales price is $4.63 each increase of 1¢ per 100 pounds in the average received to date would reduce the cash loss by about $8000.

As current prices for Guatemala West fruit are well in excess of $5 per 100 pounds, it appears reasonable to assume that the average for the year will be very close to or above the break-even price of $4.63.

As these revised sales estimates indicate that any cash loss during 1962 should be relatively small, it appears operations should be continued through 1962. As our contract obligations with IRCA expire at the close of 1962, and consideration may be given at that time to shipments by water direct from the west coast of Guatemala, a longer period of phase-out on continued operations may be possible.

Revised cash flow computations for Guatemala, and Honduras, are practically finished, based on latest estimates, and will be released in a few days.

A. E. Carpenter

CC Mr. R. O. Miller

DEFENDANT'S

Dx 222

942

OFFICE OF PRESIDENT

Bf. 2

HAROLD W. HAASE
PRESIDENT

CABLE ADDRESS:
GUARAILCO GUATEMALA

GUATEMALA CITY, GUATEMALA, C. A.

1065A

November 10, 1961

INTERNATIONAL RAILWAYS
OF CENTRAL AMERICA

NOV 13 1961

JERSEY CITY OFFICE

AIRMAIL - No. 358

Mr. Louis Yaeger, Chairman of the Board
International Railways of central America
Room 1003, 15 Exchange Place
Jersey City, New Jersey, U.S.A.

Dear Mr. Yaeger:

Yesterday afternoon Mr. McDonald and I flew over the Compañía Agrícola banana plantations and the privately owned cotton plantations at Tiquisate. After that trip we drove through some of these plantations by automobile. About half of their 15/16,000 acres of bananas were damaged by the hurricane on November 1 but, as I mentioned in the P.S. on my letter No. 339 of October 17, 1961, there apparently was enough cushion in their previous estimates so that the reported one million stem damage may not greatly affect the Compañía Agrícola previously reported estimated production for 1962. With my letter above mentioned I sent to you a 1962 Banana Estimate dated October 17, 1961. Quoted below is their present estimate for 1962 - November and December are my estimates:

MONTH	STEMS	CARS (260)
January	163,000	630
February	202,000	800
March	301,000	1,160
April	321,000	1,235
May	341,000	1,315
June	276,000	1,050
July	186,000	715
August	161,000	645
September	176,000	680
October	161,000	645
November	202,000	800
December	202,000	800
	2,692,000	10,475

It looks as though November and December estimates for this year will be 214,000 stems - about 820 cars and 203,000 stems - 805 cars, respectively. They anticipate that this production will be shipped one third to the States and two thirds to the European market. They do not now know/1962 production will be split as to destination.

Deft Yaeger Ex 12/1
3/12/70
lw

DX Yaeger 12

Dx 227

Mr. Louis Yaeger: 1066A November 10, 1961

I am told that the Compañía Agrícola will rehabilitate the damaged acreage in Tiquisate. Evidently no definite policy has yet been formed with regard to their future acreage of bananas at Tiquisate though it sounds as though the acreage will run somewhere between 10,000 and 13,000 acres for several years.

There appears to be considerable pessimism with regard to number of acres, stems, rates we charge and period of time they will remain in the banana business at Tiquisate - no one seems to know what will be done - at least we aren't being told.

I understand that they are going to go into boxing of bananas in a big way and will be boxing all of their Tiquisate production by July 1963. They are still talking about exporting their Tiquisate bananas in boxes via either San Jose and/or Champerico on the Pacific but there has been no decision made on this thought.

There was some damage to the approximately 17,000 acres of privately grown cotton in the Tiquisate area. They will start to harvest this crop about the middle of December. There are two large cotton gins there ready to operate and a third is being built. We may get quite a bit of this business.

The United Fruit Company estimates as shown in my report dated October 17, 1961, are not being changed at this time. The 100,000 stems damage from the November 1 hurricane evidently will not reduce their previous estimates - which also might be conservative.

This morning we flew over the 5,700 acres of Standard Fruit Company bananas near the Mexican border which were completely destroyed by the November 1 hurricane. I attach a photograph taken from the newspaper IMPACTO of November 7, 1961 showing the destroyed banana plantations. The entire 5,700 acres look just like this picture. Losses are estimated at 1,600,000 stems. The local officers of the Standard Fruit Company are in New Orleans in conference with their officials there to determine whether or not they will rehabilitate all or some of the destroyed acreage. In any case, if they rehabilitate, they will not have many bananas to ship under more or less eight to ten months. I will get in touch with the local Manager when he returns. There have been many rumors here that the Standard Fruit Company is going to withdraw from Guatemala. The plantations are owned by Guatemalans and the Standard Fruit Company finances, supervises, gives technical assistance in the planting, harvesting and loading, builds the loading spurs and stations and buys the fruit.

The press has carried various articles to the effect that the Ministry of Labor will not permit the Standard Fruit Company to leave the country and that they must pay their workers full salary for the time being, but it seems that the matter at present rests with a telegram from the

OX 227

1067A

Mr. Louis Yaeger: November 11, 1961

President to the local Manager of the Standard Fruit Company asking for information on their plans, etc., for the future. No doubt this will all be cleared up as soon as the local officials return from New Orleans.

As I reported to you there last week, the Standard Fruit Company is asking us for a reduction in their freight rate on a package deal of from farm to on board ship in Puerto Barrios at a fixed rate per box of bananas. We are studying this matter and they will call on us some time next week.

Yours very truly,

HWH:ck
cc: Mr. J. I. Tennyson
encls.

DX 227

1068A

Annual Report

INTERNATIONAL RAILWAYS

of

CENTRAL AMERICA

1961

Deft Ex 3
3/9/65 DA

15 EXCHANGE PLACE
Jersey City 2, N. J.

Chile
Deposit

759

DEFENDANT'S EX. D.C. 231

1069A

Annual Report to Stockholders, Year Ended December 31, 1961

REVENUES

Railway operating revenues for the year 1961 were $12,237,841 compared with $13,025,651 for the year 1960, a decrease of $787,810 or 6.0%. All classes of revenue decreased except freight on miscellaneous exports.

Freight revenue from export bananas showed a decrease of $38,417, but the decrease in movement was considerably greater than indicated by the figures because in 1961 freight on export bananas moved for the United Fruit Company and Compania Agricola de Guatemala was taken into the accounts at the Ripley judgment rates (less amount retained in the Ripley escrow account), while for 1960 the contract rates were the basis for the revenues. The long haul banana movement from the west coast of Guatemala to the Atlantic Port of Barrios consisted of 18,077 cars in 1961 compared with 24,451 in 1960. During the latter part of 1961 the Standard Fruit Company, which had operated increasing acreage on the west coast, retired from business in Guatemala.

Freight on export coffee was $146,231 less than in 1960 as a result of smaller crops in both Guatemala and El Salvador, a decline in volume of Honduras coffee shipped through our port of Cutuco and reduction of rates, especially in El Salvador, made necessary to meet new competition, including the opening of the new Government port of Acajutla.

Revenues on imports declined $239,083. The decline was most severe in El Salvador where the economy in general was affected adversely by uncertain conditions and the establishment of foreign exchange controls early in 1961. Our El Salvador import revenues were also somewhat impaired by the opening of the new Government port.

Decrease in revenues from local freight, express and passengers was attributable largely to the poor economic conditions in both countries and, to a lesser degree, the increasing competition from truck and bus operators.

Additional revenues resulting from application of the Ripley judgment rates to transportation of export bananas and imports for the Compania Agricola de Guatemala and the United Fruit Company during the year 1961 amounted to $675,250.57 for bananas and $24,390.98 for imports. This total amount of $699,641.55 was deposited by United Fruit Company in the Ripley escrow account. By Court order $600,000 was released to the Company in 1961. The amount released was taken into 1961 revenue as follows: export banana freight $579,096.47 and import freight $20,903.53.

Dx 231

1070A

of New York on March 6, 1962 dismissing the action, as was indicated in the notice to stockholders dated February 7, 1962.

DIRECTORS

At the Organization Meeting on May 31, 1961, Mr. Louis Yaeger was elected Chairman of the Board of Directors. At the March 2, 1962 Board Meeting, Mr. Maurice Goodman, Mr. Arthur Brown and Mr. P. Blair Lee, all of the B. S. F. Company, were elected Directors.

DIESELIZATION

In December, 1961 our Company purchased the two U-6-B 700/640 horsepower International General Electric Company diesel electric demonstrator locomotives which had been sent by that Company free of charge to us for trial operation on our lines. New U-8-B engines are being installed in these locomotives, increasing their suitability to our operations and raising them to 900/810 horsepower. The conversion is being done in our Guatemala City Shops.

The Company has placed a conditional order for 44 General Motors Diesel electric locomotives at a cost of approximately $6,318,000, subject to our ability to finance the purchase, and has applied for a loan in connection therewith to the Agency for International Development. The loan application is under consideration and an answer thereon is expected shortly.

The dieselization of our lines is essential in order to achieve profitable operations.

B. S. F. COMPANY

On January 25, 1962 the B. S. F. Company purchased 233,600 shares of our common stock from the United Fruit Company.

GENERAL

The highway competition in both Guatemala and El Salvador continued during the year and to combat it effectively it was necessary to reduce certain rates in both countries. Even though our freight rates generally must now meet those of our trucking competitors, who have established rates ruinous to both themselves and to us to obtain freight, we believe this situation is levelling off and that improvement may be looked for in the future. Highways, substantially financed with funds from the United States, have been built and are planned for the future, running parallel to our lines instead of tapping regions not now served by adequate transportation facilities.

Rate reductions put into effect in Guatemala during the year cost us an estimated $75,000 but retained approximately $300,000

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in gross revenues. In El Salvador rate reductions of approximately $190,000 were made to hold about $1,700,000 in gross revenue.

The coffee crop in Guatemala and El Salvador for the 1962 season is expected to be larger than in 1961; Guatemala 1,250,000 bags and Salvador 1,500,000 bags.

The cotton crop in both Guatemala and El Salvador in 1961 showed an increase over the previous year. An increase in both countries is looked for in 1962; in Guatemala to 175,000 bales and in Salvador to 250,000 bales. We handle a large percentage of the cotton and cotton by-products movement in El Salvador and expect to get more of this movement in 1962. In Guatemala volume production of cotton is comparatively new and the plantations are located nearer the ports on good highways or in places where other factors have so far held down our tonnage.

Two Government changes in El Salvador and political problems in both countries created unrest, which, together with adjustments in import duties, foreign exchange restrictions, low coffee prices and complicated export quotas, control studies on imports and encouragement of consumption of locally produced items and products, difficult labor legislation, common market and other economic and tax plans, etc., have all had an adverse effect on our operations during 1961.

Small industries and businesses are continuing to appear, but, to far, very few of them provide revenue for us.

The future profitability of our Company can only be based on obtaining and operating diesel electric locomotives in complete replacement of steam. Such equipment is a necessity in order to carry out our reorganization and modernization plans. With this type of equipment we could look to the future with reasonable optimism.

The Board of Directors extends thanks and appreciation to our officers and employees for their support during these trying times.

HAROLD W. HAASE,
President

Louis Yaeger

LOUIS YAEGER,
Chairman of the Board

May 3, 1962

DX 231

"From DX 234, 'Research Tests - Varieties'"

1072A

- 4.

This we do know and can say. Bananas will produce longer and better on well-drained banana soils than on poor soils whether we are talking about nematodes or Moko or Panama disease. We should avoid wherever possible planting varieties in anything but first-class land. We should particularly avoid, if possible, pump-drained areas and similar poorly drained areas because these situations contribute to conditions that favor continuation of the Moko problem, and make the nematode problem more serious.

But whatever area is selected, clean seed is essential. In the variety plantings certified seed would be unquestionably the best, but achieving this in time for production expansion seems doubtful.

The importance of clean seed applies equally to all disease and pest problems. All of you know the general principles involved in producing clean seed.

(A) Careful selection of seedbed areas based on disease history of the area.

(B) Elimination of all old banana mats and any other disease host plants.

(C) Frequent disease surveys of seedbed areas and promt elimination of any infected mats.

(D) Thorough disease surveys prior to seed selection.

(E) Careful washing, trimming and inspection of selected seed.

(8) Cold injury. All Panama disease resistant varieties are more susceptible to cold injury than Gros Michel. While it is true that the Valery chills on exposure to temperatures below 56° F., it should not be forgotten that Gros Michel will also field chill at temperatures below 53° F. We are now experimenting to determine whether Valery should be bagged in Northern Divisions between December 15th and March 31st.

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(9) Bruising and scarring. Valery is known to be more susceptible to certain handling injuries than Gros Michel, and every possible precaution must be taken to minimize scarring and bruising at all points in its transport. Tests have shown that it can be carried in good condition with a reasonable amount of care, especially from the field to the boxing station.

(10) Transport. From the Evansville tests it has been demonstrated that boxed Valery fruit can be successfully shipped to arrive at market in good condition. While it must be carried at a minimum of 56° F., there are no other special problems associated with its transport. There has been no particular problem with crown rots or molds to date. I would stress, however, that variety fruit must be boxed if we expect to bring it to market in good condition.

(11) Ripening. It was formerly thought that variety fruit such as Valery would have to be ripened separately from Gros Michel at different temperatures and on different schedules. We now know from recent experience with the Evansville tests that this is not so. Valery and Gros Michel are being ripened together in the same rooms and with considerable success. Valery is slower to ripen and does fleck at an earlier stage of ripeness than Gros Michel, but this is no detriment since the pulp remains firm. This is an important point to stress in sales talks with jobbers and customers.

Dr. Freiberg will cover these points about transport and ripening, plus other information on the Valery variety, in more detail.

As a final point and to open a general discussion about Valery at this time, I would like to raise the question of current available Valery seed supplies. Since the information I have on this may not be up to date, I would like to ask Mr. Munch and Mr. Cantrell what the current Valery seed situation is in their Divisions.

1/8/62

DX 234

Retype of DX 235

10744

AGREEMENT dated the 11 day of January, 1962, between UNITED FRUIT COMPANY, a New Jersey corporation, whose principal address is 30 St. James Avenue, Boston, Massachusetts, hereinafter referred to as "Seller", and B.S.F. COMPANY, a Delaware corporation, whose principal address is 818 Market Street,* Wilmington, Delaware, hereinafter referred to as "Buyer",

W I T N E S S E T H, THAT:

In consideration of the mutual promises herein contained, the parties agree:

1. The Seller agrees to sell to the Buyer, and the Buyer agrees to purchase from the Seller, two hundred thirty-three thousand six hundred (233,600) shares (hereinafter called the shares to be sold) of the common stock of INTERNATIONAL RAILWAYS OF CENTRAL AMERICA, at the price of seven and one-half dollars ($7.50) per share, for an aggregate price of one million seven hundred fifty-two thousand dollars ($1,752,000).

2. Simultaneously with the signing of this agreement the Buyer has paid to the Seller by certified or cashier's check the sum of forty thousand dollars ($40,000), receipt whereof is hereby acknowledged by the Seller.

3. The shares to be sold shall be delivered to the Buyer, and the Buyer shall pay the balance of the purchase price therefor in the manner hereafter provided, at a closing (the "closing") to be held at 11:00 A.M. on January 25, 1962, at the principal office of the Seller, 30 St. James Avenue, Boston, Massachusetts. At the closing the Seller shall deliver to the Buyer certificates for the shares to be sold in proper form for transfer endorsed in blank, and with the signatures guaranteed as required by the rules of the New York Stock Exchange, together with all necessary stock transfer stamps, and the Buyer shall pay the balance of the purchase price by delivering to the Seller a promissory note payable to the Seller or order, dated the day of the closing, in the amount of one million seven hundred twelve thousand dollars ($1,712,000) of which sixty thousand dollars ($60,000) shall be payable on or before two months from the date of the note and one million six hundred fifty-two thousand dollars ($1,652,000) on or before six months from the date of the note. The note shall be satisfactory to the Seller as a credit risk with respect to the credit of the maker or makers and any endorser or endorsers. The Buyer shall inform the Seller not less than three days prior to the day of the closing as to the

*other addresses x-ed out

DX 235

names and addresses of the proposed makers and endorsers of the note, and the Seller shall advise the Buyer not less than two days thereafter whether the said makers and endorsers are satisfactory to the Seller as a credit risk. The note shall be free of interest until maturity, and thereafter shall bear interest at the rate of five percent (5%) per annum, unless extended or renewed by the Seller at the same or a lower rate. Time shall be of the essence under this contract.

1075A

4. The Seller represents that it is the beneficial owner of, and has valid marketable title to, the shares to be sold, and that upon consummation of the sale thereof in accordance with the terms of this agreement the Buyer will acquire valid marketable title thereto, free and clear of liens and encumbrances.

5. The Buyer has been informed of the following subsections (A) and (B), Article VII, of a final judgment filed February 4, 1958, in the United States District Court for the Eastern District of Louisiana in United States of America v. United Fruit Company (Civil Action No. 4560):

> "(A) Not later than June 30, 1966 United shall divest itself of all of the capital stock (whether common or preferred) or other proprietary interest in International Railways of Central America that United then owns, either (1) by a private sale of the said capital stock to purchasers who have no relationship or affiliation directly or indirectly with United, or (2) by sale of the said capital stock on the open market on the New York Stock Exchange, the London Stock Exchange or on any other stock exchange on which the said stock may be listed, or (3) by a private sale of part of the said capital stock to purchasers who have no relationship or affiliation directly or indirectly with United and by sale of the other part on the open market or on a stock exchange as aforesaid.
>
> (B) At any time and from time to time prior to June 30, 1966 United may dispose of all or any part of any stock or proprietary interest which it now owns in International Railways of Central America, either by private sale to purchasers who have no relationship or affiliation directly or indirectly with United, or by sale on the open market on any stock exchange in which the stock may be listed."

The Buyer accordingly represents that it has had and has no relationship or affiliation, directly or indirectly, with the Seller, and that it is not purchasing such shares in association with or for anyone who has any relationship or affiliation, directly or indirectly, with the Seller.

6. The Buyer represents and agrees that any shares purchased by it will

OX 235

be acquired by it for its own account, and that it has no present intention of selling or distributing the same. The Buyer further agrees that it will not at any time make a sale or distribution of any of the shares to be sold without first obtaining appropriate registration of the offering thereof under the Securities Act of 1933 unless independent counsel satisfactory to both parties have delivered to both parties their legal opinion in writing that such registration is not necessary in connection with such sale or distribution. The Seller shall have no obligation or responsibility in connection with the preparation or filing of any registration statement.

1076A

7. The Buyer acknowledges and agrees that the Seller has made and makes no representations of any kind to the Buyer with respect to the financial condition, prospects, business or properties of INTERNATIONAL RAILWAYS OF CENTRAL AMERICA, with all of which the Buyer is familiar, and further acknowledges and agrees (a) that the Seller has made and makes no representation of any kind with respect to the business or the future conduct of the business of the Seller, or any subsidiary corporation of the Seller, in Guatemala or elsewhere, including without limitation the shipment of bananas or other use of the railroad company aforesaid, and (b) that the Seller shall have no obligation to continue to conduct such business or any part thereof, or any obligation to continue to own or operate any part of the property engaged in such business.

8. This agreement shall not be assignable by the Buyer without the written consent of the Seller, and shall not be assignable by the Seller without the written consent of the Buyer.

9. This instrument constitutes the entire agreement between the parties, and no representations, promises or warranties have been made by the Seller to the Buyer or by the Buyer to the Seller except as herein set forth and except as contained in a letter of even date herewith bearing the signatures of the parties. This agreement may not be changed, altered or modified except in writing signed by both parties.

10. Any notice pursuant to this agreement to be given to either party shall be addressed and delivered as follows:

To the Buyer, at 99 Park Avenue, New York, care of its Counsel, Herman A. Benjamin, Esq., 21 E. 40th St., New York 16, N.Y.

To the Seller, at 30 St. James Avenue, Boston, Massachusetts

1077A

IN WITNESS WHEREOF, the parties hereto have executed this agreement the day and year first above mentioned.

B. S. F. COMPANY

By *
President

Attest:

*
Secretary

UNITED FRUIT COMPANY

By *
Executive Vice President

Attest:

*
Secretary

* Signatures omitted

Retype 78 DX 237

1078A

COMMUNICATIONS BUREAU NOLA 68

Copy of Message Received BOSTON JAN 25 1962

1253PM

GUATEMALA 25 1113

MILLER

CHIEF OF JUDICIAL DEPARTMENT OF NATIONAL POLICE RANULFO GONZALEZ OVALLE ASSASSINATED LAST NIGHT BY MACHINE GUNNING FROM PASSING CAR KILLER FLEEING STOP GOVERNMENT HAS DECLARED THIRTYDAY STATE OF SEIGE SUSPENDING CONSTITUTIONAL GUARANTEES ARTICLES FORTYTHREE FORTYFOUR FORTYSIX FIFTY THREE DASH FIFTYSIX INCLUSIVE FIRST PARAGRAPH FIFTY-SEVEN SIXTYFOUR SEVENTY SEVENTYONE LAST SENTENCE OF SEVENTYTHREE AND SEVENTYSIX AND DECREEING NINE PM TO FIVE AM CURFEW ENTIRE COUNTRY STOP ALL ACTIVITIES NORMAL STOP WE REQUESTING PERMIT NIGHT LOADINGS REPEATED HOLCOMBE

PINTO

MR SUNDERLAND 2
MR FOX
MR SISTO
MR MILLER 3
MR CARPENTER
MR REAGAN 2
MR FOLSOM 2
MR MCCONKEY 2
MR HOLLEY
MR TILLEY
MR MARQUETTE
FOR NY MARQUETTE & HEARY ONLY)

DEFENDANTS

JAN 30 1974

DX 237

Retype of DX 238

1079A

COMMUNICATIONS BUREAU NOLA 130 NOLA 129

Copy of Message Received

BOSTON, FEB. 6, 1962

RUDDER GUATEMALA HOWLEY BOSTON URGENT 933PM

06194 GRUPO DE CINCUENTA CIVILES CAPTURO DESTACAMENTO
SOLDADES Y EL EDIFICIO DE LA FRUTERA EN BANANERA ESTA
TARDE ROGANDO LA CAJA DE SEGURIDAD Y LLEVANDOSE PRISIONEROS
R. BOB RICHARDS Y AL CAJERO PUNTO EL TOQUE DE QUEDA ESTABLECIDO
A LAS 9 PM

RUDDER GUATEMALA HOWLEY BOSTON URGENT
062010 MI 061940 TODO QUETO EN BARRIOS STOP UNUESTRA
LINEAS ENTRE BARRIOS Y BANANERA INTERRUMPIDAS DESDE LAS 1815

TRANSLATION

Group of 50 civilians captured the military detail and the office of the United Fruit Company in Bananera this afternoon robbing the cashier's safe and taking prisoners Bob Richards and the Cashier. The curfew remains established at nine PM

- - - - - -

All quiet in Barrios. Our lines between Barrios and Bananera were interrupted at 5:15 PM [sic].

- - - - - -

MR SUNDERLAND 2
MR FOX
MR MILLER 3
MR MARQUETTE
MR FOLSOM
MR CARPENTER
MR REGAN 2
MR MCCONKEY 2
MR TILLEY
MR HOLLEY 2

DEFENDANT'S

JAN30 1974

DX 238

[RETYPE of DX 243]

1080A

DIVISION OF TROPICAL RESEARCH

TO: Dr. W. G. C. Forsyth DATE: March 12, 1962

FROM: G. R. Bauwin-A.J. Pease PLACE: La Lima, Honduras

SUBJECT: Trip Report -
Tiquisate - February 26 through March 2
Bananera - March 2 through March 7

TIQUISATE

Varieties

In Pacaya farm there are 2.4 acres of each of the following varieties: Jamaica Unknown, Grand Nain, Giant Cavendish, Congo and Valery. Plot arrangement is as follows:

Jamaica Unknown	Grand Nain	Giant Cavendish	Congo	Valery

Spacing, pruning and other cultural practices are for production - not seedbed. The third crop is now hanging.

An inspection of roots of each variety for nematode damage showed that Jamaica Unknown has the least amount of infection - roots were very clean. Furthermore, infection in Jamaica Unknown is extremely slight when compared with the degree of damage that was observed earlier on Gros Michel and Cocos.

Fruit of Jamaica Unknown looked very good - Jamaica Unknown fruit in Honduras also looks good. The quality of Grand Nain and Giant Cavendish fruit is fair to good whereas fruit of Congo and Valery is poor. It should be pointed out that there were very few Valery stems hanging because many mats in this plot have recently been used as a source of seed for a 5-acre seedbed. This seed received no effective treatment for eradication of nematodes. The quality of the Valery fruit produced up to the time of seeddigging was poor. Since the quality of Congo and Valery fruit in Honduras is very good (our only objections to Congo being small bunch size, tendency to lean and high fruit losses), we made an examination of the soil in each plot to a depth of 24" inches via use of a soil auger. This revealed the existence of a soil-texture gradient in the experimental area. Jamaica Unknown, Grand Nain and Giant Cavendish were on good soil although we encountered sand at 18" in the latter plot. The 0-12" layer in the Congo and Valery plots consists of sand and gravel. It was pointed out to Mr. Holcombe, and he

Dx 243

agreed, that the story would have been quite different if the positions of Valery and Jamaica Unknown had been reversed.

The Agriculture Department has production data for each plot: stems shot and reaped, total weight, mean bunch weight and days from shooting to reaping. The number of stems lost by reason - an important aspect of production - was not recorded. All of this data is of little value, however, (1) because of the presence of the soil-texture gradient which we in our experimental work here circumvent by means of careful site selection and the use of an experimental design and (2) because of the fact that the area was planted over a four month period of time.

While inspecting the Jamaica Unknown plot we noted the large bunch size and leaning habit of this variety and also saw quite a few stems of fruit lost due to doubling. The doubling occurs just above the double-pole. The props extend only one-half of the way up the pseudostem. A laborer working in the plot at the time of our visit informed us that loss of fruit due to breaking while harvesting - on the backer's shoulder - is also a problem with this variety. It should be noted here that a similar observation was made by us some time ago in our Guaruma I plots. Of fifteen stems of fruit harvested one day, ten were broken on the backer's shoulder. We expect this to happen more frequently in our Variety Trial - Mopala Farm - when we move into the third crop whose fruit will be much larger in size.

The Giant Cavendish plot was damaged by the windstorm of November 1, 1961. There was very little noticeable damage in the other four variety plots. This was undoubtedly just a chance occurrence. We do not claim that these varieties are resistant to "blowdowns". When we compare them with Gros Michel and Lacatan, however, we expect a considerable reduction in fruit losses due to "blowdowns" especially from these storms whose high velocity winds tend to travel high (20 - 30') above ground level.

The Agriculture Department in Tiquisate is going to initiate two variety trials in the very near future. One will be located in Peten or Antigua farm (a wind-belt area) and the other in Zunil or Tacana farm (center of present production acreage). Each experimental area will be as uniform as possible with respect to topography and soil texture. The experimental design for each trial will be a 5 x 5 latin square. Varieties to be tested are: Jamaica Unknown, Valery, Grand Nain, Giant Cavendish and Cocos. Size of each experiment is limited by the amount of variety seed available for planting - approximately 800 of each. Spacing

will be 10.5' x 10.5' square or 395 plants per acre. This is a compromise. They suggested a much closer spacing. Each plot will be 7 mats x 7 mats in size with data derived from the central 25 mats. Planting material will be sword-sucker seed of uniform size. All seed will be planted within seven days. Seed will be washed and Nemagon will be placed in the planting hole. Two inches of soil will separate the Nemagon and seed piece. There will be 2" of soil between the top of each seed and the surface of the soil. Cultural practices in each plot will be as nearly the same as possible. Urea will be applied at the rate of 3 pounds per mat per year. Data to be recorded by plots on a monthly period and crop (I forgot to advise them of this) basis are: stems shot, stems reaped, stems lost by reason, total weight, mean bunch weight, mean number of hands per bunch and maturation period in days. It is essential taht all fruit be brought out of the plots at American Grade.

Cocos and Gros Michel

Tiquisate has 14,000 acres in production: 13200 - Gros Michel and 800 - Cocos. Most of the Cocos acreage was obtained by interplanting Gros Michel with trimmed, washed and dipped in 1% Dithane seed. We were particularly interested in their Cocos because if this division is to survive, it is essential that they change over to a semi-dwarf variety such as Cocos which is less susceptible to "blowdowns". Actually, at the rate they are fallowing land due to Fusarium Wilt, the change, if there is to be one, should be to semi-dwarf Fusarium-wilt resistant variety.

Their Cocos fruit is very poor - small bunches and short fingers. This poor quality cannot be attributed entirely to windstorm damage (as we have done in the past with Gros Michel) because their losses amount to only 10 or 15%. We obtained the impression that fruit quality for the first couple of crops was good but since that time it has been poor as compared with Gros Michel even though Sigatoka control has been good and there has been no drastic change in cultural practices. There were only 8 pruning cycles and 250 pounds of nitrogen applied per acre in 1961 as compared with a little over 9 and 290 in previous years. However, it is doubtful that this slight reduction by itself would result in fruit of such poor quality. They feel that application of urea via undertree irrigation may be the reason because of a good deal of the water and urea is coming down on the middle space between plants and this area is void of roots. However, (1) fruit in areas where urea is applied by hand does not look much better and (2) we showed Mr. Holcombe that not only does this so-called void space contain roots but that many roots attain a lateral length of at least 12'. Size of

plants was good but the plants did appear to be suffering from a lack of water. Since planting, however, there has been virtually no change in their irrigation practices. They put down somewhere between 1.5 and 2.0 acre inches of water on a seven and/or eight day cycle as soon as and as long as it is needed. Nevertheless, it is felt that if 1.5 to 2.0 acre inches per week is satisfactory for the heavier soils in Honduras, these light, very permeable soils in Tiquisate should receive more water per week via use of more frequent cycles. To put it another way, it is unfortunate that these soils do not have a higher clay content in their surface layer which would give this zone that contains approximately 90% of the root system a higher water holding capacity.

Inspection of root systems showed the existence of many reddish to purplish brown lesions which to us are indicative of Radopholus similis infection. Damage was much more severe than that observed on roots of Jamaica Unknown - roots of the latter, as mentioned earlier, were found to be very clean. Another type of root damage noted and which may be due to nematodes was loss of segments of cortical tissue leaving only a partially woody stele visible. It should be noted that degree of infection has not reached a stage where the vast majority or all of the roots are confined within approximately a 2' radius of the plant and plants fall over when one leans against them as is happening in the Almirante Division. We saw very few uproots in the areas inspected. However, a damaged root system means inefficient utilization of water and nitrogen - the higher the degree of infection, the greater the inefficiency and the poorer the quality of the fruit.

It is felt that if one of the Fusarium-wilt resistant varieties had been planted instead of Cocos and if there is no difference among these varieties and between those varieties and Cocos insofar as susceptibility to nematode infection is concerned, the same thing would have happened.

With respect to fruit of Gros Michel, most of it was blown down by the windstorm of November 1, 1961. The areas are now coming back into production. Their root systems also showed a considerable amount of damage due to nematodes as compared with the amount observed on roots of Jamaica Unknown.

BANANERA

Cocos

The original seed that came from Tiquisate was planted in Aztec farm. Prior to shipment it had been

10844

peeled (?) and dipped in Dithane plus Bordeaux. This seedbed was then expanded in Aztec farm via stripping and was then used as a source of planting material for a part of Lanquin Farm. However, before transfer from Aztec to Lanquin it was again peeled and dipped in Dithane plus Bordeaux. Inspection of root systems showed the existence of nematode infection but damage was not as great as that previously observed in Cocos of Tiquisate.

Another part of Lanquin farm was planted with seed which came directly from Tiquisate. In other words, it did not pass through a seedbed stage in Bananera. This seed had also been peeled and dipped in Dithane plus Bordeaux prior to shipment. Root damage due to nematodes was the highest that we had seen throughout Bananera. However, fruit quality was good.

A small area in Media Luna was also planted with seed that came directly from Tiquisate. It also had been peeled and dipped in Dithane plus Bordeaux prior to shipment. Degree of nematode infection was high.

In general, wherever we went in Bananera, quality of Cocos was much superior to the quality of Tiquisate Cocos. It should also be noted that Bananera fruit is very clean.

Varieties

The original source of Valery seed was Tiquisate and, of course, Tiquisate obtained their seed from Honduras. This seed was planted in Inca farm - and old abandoned Abaca area. Nemagon was used in the hole at time of planting. This seedbed has been expanded to 28 acres in the same general area and was also used as a source of seed for a 6.0 acre seedbed in Patzun farm. At time of expansion, Nemagon was always used in the hole. Bobos District has a one-acre (sic) seedbed. Examination of root systems of large Vlaery plants in each seedbed area (not shooting) showed very little if any nematode damage.

G. R. Bauwin

A. J. Pease

GRB/anr
cc: Mr. Mark Trafton Jr.

DX 243

Retype of DX 247

COMMUNICATIONS BUREAU

1085A

Copy of Message Received

NOLA 37

BOSTON MAR 16, 1962

951AM

RUDDER GU HOWLEY BN

16082 GVT ISSUED DECREE LATE LAST NIGHT MILITARIZING FOR DURATION OF DISTURBANCES HERE ALL PUBLIC SERVICES SUCH AS WATER COMMA ELECTRICITY COMMA COMMUNICATIONS COMMA BUS SERVICE MUNICIPAL WORKERS COMMA ALL GOVT WORKERS COMMA RAILWAY STOP TROPICAL RADIO NOT MENTIONED SPECIFICALLY BUT OBVIOUSLY AFFECTED STOP WILL TELEGRAPH COPY DECREE SOONS AVAILABLE STOP GUATEMALACITY QUIET AS IS WHOLE COUNTRY THIS MORNING FAR AS WE CAN DETERMINE STOP THERE WAS MUCH AGITATION AND BUSTING OF HEADS YESTER DAY

MR SUNDERLAND (2)
MR FOX
MR MILLER (3)
MR MARQUETTE
MR FOLSOM (2)
MR CARPENTER
MR REGAN (2)
MR MCCONKEY (2)
MR TILLEY
MR HAWLEY (2)

DX247

COMMUNICATIONS BUREAU

Copy of Message Received

1086A

NOLA105

BOSTON 16 MARCH 1962 621PM

NOGUA468 RUDDER GU HANSIS BN RUSH

161605 SITUATION HAS GROWN WORSE THIS AFTERNOON STOP NATIONAL TELEGRAPH JUST STRUCK STOP ABOUT HALF EMPLOYEES ELECTRIC LIGHT COMPANIES HAVE LEFT JOBS AND MANAGER IS WORRIED SERVICE MAY BE HALTED STOP WE OK SO FAR STOP WE HAVE REQUESTED ARMED GUARDS

MR SUNDERLAND (2)
MR FOX
MR MILLER (2)
MR MARQUETTE
MR FOLSOM (2)
MR CARPENTER
MR REAGAN (2)
MR MCCONKEY (2)
MR TILLEY
MR HOWLEY (2)

DEFENDANT'S

JAN 30 1974 DX 248

COMMUNICATIONS BUREAU NOLA25

- Copy of Message Received

BOSTON MAR 20, 1962

948AM

1087A

RUDDER GU HOWLEY GN

200753 ALL QUIET AT BARRIOS S-TOP DOCK WORKERS ON JOB THIS MORNING STOP RAILWAY SHOPS NOT WORKING WHICH MEANS NO NEED ENGINES TO SHIFT CARS STOP NO ENGINE FOR THIS MORNINGS PASSENGER TRAIN APPEARED AND TRAIN STILL IN STATION STOP MINISTRY LABOR ANNOUNCED ALL WORKERS IN MILITARIZED SERVICES WHO REMAIN ON STRIKE THIS MORNING WILL HAVE WORK CONTRACTS CANCELLED

MR SUNDERLAND (2)
MR FOX
MR MILLER (3)
MR MARQUETTE
MR FOLSOM (2)
MR CARPENTER
MR REAGAN (2)
MR MCCONKEY (2)
MR TILLEY
MR HOWLEY (2)

DEFENDANT'S

JAN 30 1974 DX251

DX 252

DIVISION OF TROPICAL RESEARCH

TO: Mr. W. T. van Dicken 688A DATE: March 19, 1962
Dr. N. C. Thornton

FROM: Mark Trafton Jr. PLACE: La Lima, Honduras
W. G. C. Forsyth

SUBJECT: Reported decline in Cocos fruit. Tiquisate Division. Recommendations for possible future plantings.

In company with Mr. T. A. Holcombe and Dr. E. J. Wehunt, we inspected roots and rhizomes of several plants in each of the areas listed below. Relative grading of nematode damage is indicated for each sampling.

Location	Variety	Year Planted	Nematode injury
Tecpan	Cocos	1959	medium
Tecpan	Gros Michel	1938	severe
Pacaya	Gros Michel	1946	severe
Pacaya	Jamaica Unknown		clean to light
Pacaya	Grand Nain		light to severe
Pacaya	Giant Cavendish		severe
Pacaya	Congo		light to heavy
Pacaya	Valery		severe
Zunil	Gros Michel	1948	severe
Primavera	Gros Michel	1957	heavy
Ceiba	Cocos	1959	heavy
Antigua	Cocos (replanted old seedbed)		heavy
Antigua	Gros Michel		medium
Antigua	Gros Michel (plantilla)	1958	light to medium
Izabal	Cocos	1959	medium
Izabal	Cocos (interplanted)	1959	severe
Izabal	Cocos	1959	severe

In view of the extent of nematode injury observed, we believe this is the major factor contributing to the decline in Cocos. The resulting injury to roots restricts uptake of nutrients and moisture to the point where fruit does not develop normally and, in many cases where damage to rhizome is also heavy, plant growth is retarded.

The same reasoning applies to the Gros Michel variety which, to us, also appears to be falling off, although this could be complicated by wind damage. However, nematode injury is general throughout and in many areas we observed tall plants with small, poor bunches.

The variety plantings with possible exception of Jamaica Unknown are all infested. Nematode injury to water suckers in areas where some Valery material had recently been

DX 252

removed for seed was the heaviest we have ever observed. Practically all of the remaining plants were stunted, splitting and showed extreme rosetting.

Recommendations:

While application of Urea directly around the mats where some roots are still active, and substitution of Dithane for Bordeaux might yield somewhat better fruit, such measures, we believe, would only temporarily slow down the inevitable decline since the root structure is already so severely damaged.

We doubt that applications of Nemagon would be feasible or economically possible under existing conditions.

Reclamation

In our opinion Cocos bananas in this division should not be interplanted with Gros Michel nor in Gros Michel fallow areas. Such areas are heavily infested with nematodes as well as Fusarium Wilt.

The only possibility of successfully continuing with the Cocos variety in this division would be to plant clean seed in virgin areas where bananas have not previously been grown.

We recommend testing the possibility of growing Fusarium Wilt-resistant varieties in old banana areas which were fallowed and then planted to cotton for at least 2 years. There are large leased areas in the division which meet these conditions. Apparently all banana material (except occasionally on levees and borders) is completely eliminated from areas where cotton has been grown and this should effectively eliminate the banana nematodes. We suggest that this be tried out and we propose:

(1) to conduct close soil survey in such an area (as Tolinan) to ensure that plantings are made on first-class soil. Area selected must be completely free of banana growth.

(2) Dr. Wehunt will then survey the area selected to determine population and species of nematodes present in the soil.

(3) Available seed (enough for approximately 8 acres each) of Valery, Grand Nain, Giant Cavendish and Jamaica Unknown varieties will be thoroughly cleaned up by strict selection, washing, trimming, heating and dipping. It is suggested

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that all resistant variety material not used in this project be destroyed so that there will be no chance of infested seed being distributed or planted out at a later date.

(4) This seed will be planted out in replicated plots in the selected area in accordance with recommendations made by Hamlin and Peace in report dated March 12th. Nemagon will be used in the planting holes as an extra precaution. Research will provide a technician to supervise seed selection and planting.

Production data from these plots will give us much-needed information on plant performance and fruit quality of these three varieties under Tiquisate conditions of climate, soils, winds, diseases and pests.

This planting will also serve as a source of clean seed in the event that expansion of these varieties might become desirable in the future.

If the suggested cotton rotation system proves effective, it will be a most economical fallow method since there will be little or no cost to the Company. It is believed that cotton lessees should be given at least 2 years in order to obtain reasonable returns on their investment costs for land preparation.

Mark Trafton Jr. — W. C. C. Forsyth

MT/amr
cc: Mr. R. A. Holcombe
Mr. C. E. Delander
Mr. T. A. Holcombe

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MR. C. E. Lalander - Attn: Mr. Ted Holcomb

1091A

March 21, 1952

Mr. R. O. Miller:

On my last visit to Tiquisate in February with Dr. Dunlap, I observed a definite decline of Tiquisate cultivations with Gros Michel and Cocos. While there could be a number of factors involved, I decided to have Reneaven take a good look at the possible causes. On examination it is apparent that the poor condition of cultivations in terms of fruit quality is caused to a large extent by nematode damage. During 1950, Dr. Quintin L. Holdeman conducted nematode surveys throughout the Company divisions. With respect to Tiquisate, he reported as follows:

> "Radopholus was considered to be the most serious of the nematodes present, occurring on almost 100% of the mats of the older plantings. The role of all nematodes other than Radopholus was considered to be minor.
>
> Tipovers and uprootings were extremely rare. A few were encountered in Palo Blanco in areas where the rhizome showed a tendency to grow out of the ground ("high mat"). The impression gained was that, in some areas, the fertility of the soil and the amount of fertilizer used were not enough to offset the damage caused by Radopholus. It was suspected that nematodes were probably causing a reduction in fruit weights and quality."

It is reported now that Gros Michel is heavily infested with nematodes. In some areas damage is more widely spread than in others, depending upon soil type. It would appear that a gradual buildup of the nematode population is taking place.

Cocos is reported as severely infested. The production areas (450 acres) are not over three years old; however, it is true that Cocos replaced Gros Michel by interplanting in areas that were already infested with nematodes. Replacement was done on the basis that Cocos, being more wind-resistant, would give increased production per acre. While the Cocos plants outwardly appear in a state of good growth, size of stem and quality of fruit does not bear any correlation with size of plant. Fruit is short fingered and poor. It is apparent that the Cocos is more severely affected than Gros Michel.

The experimental planting of varieties was inspected and found to be infested by nematodes, except for the "Jamaica Unknown" variety which showed the least amount of infection, and this latter variety showed only slight damage when compared with the degree of damage observed on Gros Michel and Cocos. However, Jamaica Unknown has a leaning habit and because of this and large bunch size, losses run high even with propping. Results of experimental plots in La Lima show this variety

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with higher yield losses and therefore lower production per acre than Valery and Giant Cavendish.

I was in Tiquisate at the time that the Cocos and variation were propagated, and found them to be in accordance with Research recommendations -- i.e., trimmed, trimmed and dipped in 1% Bitter...

In view of the existing facts, our recommendations are based on the premise that we cannot guarantee improvement, but what is proposed represents more or less a holding operation. These recommendations are:

1. Gros Michel. Increase annual rate of nitrogen application to a minimum of one pound per mat, which, on the basis of a population of 340 mother plants per acre, would mean applying 340 pounds of nitrogen per acre. In view of limited root system, band application should be made to the base of each mat. In the case of urea in the undertree irrigation system, we would limit this operation to Cadiz and Ceiba Farms, also with increased amounts as specified above can place the other projects in the Bluefields District back on band applications. Abandon small scattered poor areas, or those areas where quality fruit cannot be grown with additional nitrogen.

2. Cocos. We recommend no further planting of Cocos in Tiquisate to replace Gros Michel in existing cultivations. Adopt the same fertilizer program for Cocos to see if some improvement can be made in quality of fruit. Abandon small scattered poor areas, or those areas where quality fruit cannot be grown with additional nitrogen.

3. Economic analysis made in 1960 on use of Nemagon, one gallon per acre which would be within allowable tolerance for control of nematodes Izabal experiment Tiquisate showed economic returns. We are now looking into the latest results to see if this method of control will give at least temporary relief under present FDA ruling.

4. Establish variety planting of Valery, Giant Cavendish and Jamaica Unknown in an area previously planted to cotton. Preliminary inspection indicates that such an area is free of Radopholus. This would also give us an idea of what life we can expect from varieties before re-infestation and deterioration of fruit takes place. It is also very necessary that we get some indication of blendown resistance of these varieties as compared with Cocos and Gros Michel under Tiquisate conditions. Management has requested that Research handle this variety seed treatment and planting, which can be done if we are given the "green light" to proceed accordingly.

We would very much like to see this Division on Dithane aerial spray. However, we are reluctant to recommend this change in view of the fact that the Division has on hand 903 short tons of copper sulfate, valued at $160,203.42, unless this material can be disposed of without loss to the Division. The Division suffered considerable damage by a blowdown on November 1st, which is also a factor conducive to the production of poor quality fruit and must be taken into consideration in the overall evaluation

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of the various contributing factors.

W. T. van Diepen

cc: Mr. J. H. Fox
Mr. R. A. Holcombe
Mr. C. E. Helander (2)
Dr. W. G. C. Forsyth
Mr. Mark Trafton, Jr.

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1094A

MEMORANDUM

March 26, 1962

Mr. R. O. Miller:

With reference to your memorandum of March 9, 1962 and Mr. Herbig's memorandum to Mr. Carpenter of March 12, 1962, attached, the following action was taken by the Board of Directors at its March 26, 1962 meeting:

> "Voted to authorize an advance of $50,000 requested by the Compania Agricola de Guatemala for the construction and installation of 1 manual boxing station."

You are hereby authorized to proceed in conformance with the above resolution.

Thomas E. Sunderland

Attachments

c.c. Mr. A. E. Carpenter
Mr. J. R. Herbig
Mr. J. M. Fox
Mr. P. H. Smith

DEFENDANT'S
JAN 30 1967 Dx 254

4/61

1095A

MEMORANDUM

April 18, 1962

Mr. R. O. Miller:

With reference to your memorandum of April 6, 1962, Mr. van Diepen's memorandum to you of April 9, 1962, and Mr. Herbig's memorandum to Mr. Carpenter of April 10, 1962, copies attached, the following action was taken by the Board of Directors at its April 18, 1962 meeting:

> "Voted to authorize an advance of $75,000 requested by the Compania Agricola de Guatemala for the planting of approximately 100 acres of Cocos bananas in the Tiquisate area."

You are hereby authorized to proceed in conformance with the above resolution.

Thomas E. Sunderland

Attachments

c.c. Mr. J. M. Fox
Mr. A. E. Carpenter
Mr. J. R. Herbig
Mr. W. T. van Diepen

DEFENDANT'S
JAN 30 1970 DX 261

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MEMORANDUM

April 10, 1962

Mr. A. E. Carpenter:

Attached is a capital appropriation request from the Agricultural Department for $75,000 to cover the cost of planting and bringing to bearing approximately 100 acres of Cocos bananas in Guatemala West as an experimental project in virgin soil.

The main purpose of this request is to determine how Cocos bananas will perform under virgin soil conditions where nematode infestation does not exist and therefore will not limit the productive life of the cultivations.

As this request is essentially a research project, no attempt has been made to develop a return on investment. In view of the importance of this project as outlined in Mr. Miller's and Mr. Van Diepen's attached memorandums, we recommend approval of the $75,000.

O. R. Herbig

Approval recommended:

A. E. Carpenter — 4/10/62 Date

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REQUEST FOR AUTHORITY

CIA. AGRICOLA DE GUATEMALA - 4/6/62

PROJECT: To authorize funds for planting and bringing to bearing approximately 100 acres of Cocos bananas in the Tiquisate Division.

COST: $75,000.

REMARKS: The planting of approximately 100 acres of Cocos bananas in virgin soil is recommended in order to determine the efficacy of various seed treatment procedures to minimize damage from nematodes.

This acreage will be operated by the Production Department in close cooperation with the Research Department.

R. O. Miller

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1-18-62

TO OUR SHAREHOLDERS:

This is a report of the 63rd Annual Meeting of Shareholders of the United Fruit Company on April 18, 1962, the first ever to be held in Boston, Massachusetts, the city of its origin. Shareholder participation at the Annual Meeting was the largest in the history of the Company, a total of 85.58 per cent of the outstanding shares being voted. There were two issues before the meeting. The directors named in the proxy statement and nominated at the meeting, including a new director, Victor C. Folsom, were elected, receiving votes of more than 7,392,000 shares (85.58%) of the shares outstanding. A second resolution was voted, electing Peat Marwick, Mitchell & Co. as the Company's auditors for the year, by 7,369,600 shares (85.32%) for and 21,760 shares (.25%) against of the shares outstanding. This company has audited the Company's accounts continuously since 1932.

The Shareholder is another of our continuing efforts to keep you informed about your Company.

Sincerely yours,

T E Sunderland

THOMAS E. SUNDERLAND
President

THE COVER—the Company's first annual meeting in Boston was held in the Donnelly Memorial Theatre. The top view shows the entrance. In the lower photograph some of our shareholders examine a lobby exhibit.

Remarks by Mr. Sunderland

I would like to call to order the 63rd Annual Meeting of the United Fruit Company, and I would like to give a very warm welcome to all the shareholders who have come here today.

I want to introduce to you the very able and conscientious men who comprise our Board of Directors. This is a very pleasant opportunity for me because it gives me a chance to express publicly our appreciation for the help, support and guidance that they have given to the management of the Company in such generous measure.

You all know the Chairman of our Board, George P. Gardner, Jr. I am going to ask him to present the members present.

Mr. Gardner:

Thank you. I would like to add my word of welcome to you who are present here at the Annual Meeting of the United Fruit Company in Boston.

We have a proposed slate of eighteen directors, the same number as last year. All are here but three.

Those present are:

Edward L. Bigelow, chairman of the board, State Street Bank & Trust Company.

William H. Claflin, who, like your Company, has lost his Cuban sugar and other operations; he is a director of the United-Carr Fastener Corporation.

Ralph F. Gow, president of the Norton Company of Worcester, Massachusetts, the world's largest abrasives manufacturers, with extensive overseas operations.

Robert Lehman, partner, Lehman Brothers, New York investment bankers, director of General Foods and Pan American World Airways.

Charles A. Meyer, vice president and director of Sears, Roebuck & Co., Dallas, Texas, formerly in charge of all of Sears' Latin American operations.

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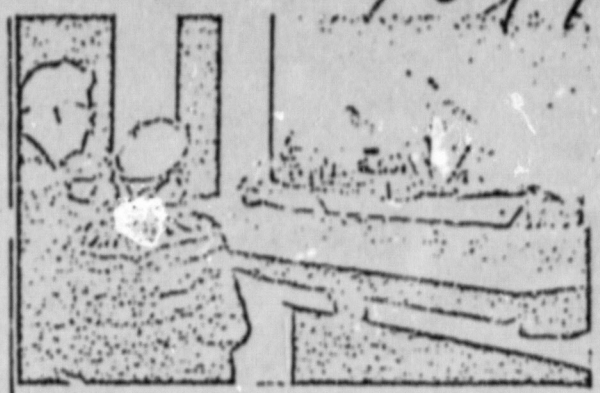
10994 1-15-62



Shareholders View Exhibit

countries where we operate.

And now I want to tell you about a very new development for our Company in our associate producer program. We have completed initial plans for the development of a whole new banana area — and the unique feature is the complete partnership arrangement between the Company and the local nationals who will own the land and grow the bananas. United Fruit will act as a technical advisor and marketer.

Under our new arrangement, the grower will be guaranteed the cost of growing his bananas and United Fruit Company underwrites this figure. To this figure is then added the cost of technical services, transportation to market and selling costs to arrive at the total costs. The difference between these total costs and the final selling price of the bananas will then be split 50-50 between the grower and the Company.

This development has many advantages for the grower and the Company. The grower will benefit from the expert knowledge our Company can furnish, and the Company will benefit from the private initiative of many independent growers who know that they will benefit financially if they produce quality bananas at low cost. I will have more to say about this project in future letters to you as this develops.

Overseas Operations — Europe, Africa and Asia

The past year was a better than average year for us in Europe. Our British subsidiary did well. Our market in Finland returned to us after being closed since World War II.

We have two subsidiaries producing in the Republic of Cameroon in Africa, composed of portions of the British Cameroons and the French Cameroun. One subsidiary ships bananas to the French market and the other to Britain to take advantage of the treaty conditions established when the area won its independence.

I have just returned from a study of the Japanese market. We have organized a Japanese subsidiary company, in partnership with several substantial Japanese business firms to handle the importation of bananas. We made some trial shipments of bananas which provided the Japanese market with the first premium bananas available there for many years. This is not easy, because it is a long voyage from Latin America. Prospects of developing this market are very promising, but progress will depend on how fast the Japanese Government reduces present restrictions on imports.

The Company is vitally interested in the development and operation of the European Common Market. We are ready to develop or expand any new market that might open up in the Common Market area.

The Latin American producing countries also are interested, since their banana shipments to the Common Market countries could expand substantially — or, conversely, could suffer from an extension of the present policy of some European countries to confine banana imports to their own former colonies or associated territories.

The United States Government itself has taken a position in support of the Latin American countries, and we hope that West-

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ern Hemisphere bananas will be allowed to compete freely in the Common Market.

Other Activities

Our principal new diversification effort is our freeze-dehydration of food. In the processed foods field Liana, Inc. is developing a fine line of products, among which are freeze-dried beef, freeze-dried chicken and freeze-dried shrimp. All of these have had excellent reception.

We anticipate that these and other products will be available to the consumer market in two or three years, but at the moment they are going primarily to the large institutional users. This is a new business with heavy initial expenses but in due course should be profitable.

Our sugar business is profitable. Although we no longer have our Cuban properties, which were illegally confiscated by the Communist government of Cuba, the Revere Sugar Refinery has been able to buy the raw sugar it needed in the market. Despite increased costs, Revere is competing successfully with other processors.

Our Tropical Radio Telegraph Company is doing a thriving business and is earning an excellent return on its invested capital.

We continue to look for other diversification activities. We have high standards set and will not jump into anything without most careful study. Among other things, we do not want to take on any new responsibilities which will dilute the intense efforts we must apply to re-shaping and re-building our banana business.

Conclusion

As to the future, I can say that we believe we have identified most of our problems and that we are coming to grips with them as fast as possible. We have a first class management team devoting all its resourcefulness and energies to our Company.

Shareholder
Michael Addiego

As we find the solutions to present problems and, in turn, discover new problems presenting themselves, we are continually reminded that a good management team is a priceless ingredient for successful business operation. Mr. Fox and I will be spending a measurable portion of our efforts at all times in evaluating our team, encouraging the best from our people, attempting to attract new people when needed, changing personnel whenever performance is unsatisfactory, and running a "tight ship" which can ride out the storms and bring to the shareholders a proper return on their investment.

We do not expect smooth sailing throughout the years immediately ahead and we are aware that blowdowns, floods and pests can appear when least expected — but the future looks promising. I can assure you that your team will be doing its very best at all times.

Thank you very much.

Questions and Answers

Mr. Michael J. Addiego: Will costs be lower this year on an overall basis, and can the profit margins in 1963 equal the 1958 rate?

Mr. Sunderland: I would be very happy if I could answer that question. We have told you today what we are trying to do. We think all of this is going to mean greater profits for the Company and increased dividends to the shareholders. We are not quite there yet, but we are on our way.

Mr. Addiego: Will the profit margins be higher or lower as the associate producer program grows?

Mr. Sunderland: A good question and it is related to this one: Due to instability in

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COMMUNICATIONS BUREAU NOLA85

Copy of Message Received

1101A

BOSTON APRIL 24 1962
128PM

GUATEMALA 24TH 1115

MARQUETTE/MILLER/TILLEY

ALMIRANTE LOADING BARRIOS WEDNESDAY TWENTYFIFTH CANCELLED TIQUISATE MUST CUT WEDNESDAY TWENTYFIFTH FOR SULACO LOADING FRIDAY TWENTYSEVENTH STOP IF BARRIOS SITUATION STILL UNSETTLED WEDNESDAY MORNING WE WILL CANCEL TIQUISATE CUTTING AND ADVISE YOU TO DIVERT SULACO OTHER PORTS STOP WILL ADVISE LATEST EIGHT AM WEDNESDAY PROVIDING WE HAVE COMMUNICATIONS STOP IF NO ADVICE FROM THIS OFFICE CONSIDER ALL LOADINGS CANCELLED UNTIL FURTHER NOTICE

DELAWDER

MR SUNDERLAND (2)
MR FOX
MR MILLER (3)
MR CARPENTER
MR REAGAN (2)
MR FOLSOM (2)
MR MCCONKEY
MR MARQUETTE
MR TILLEY
MR HOWLEY
MR CHAPMAN

DEFENDANT'S

927

JAN 30 1974 DX 266

Retype of DX 272

1102A

Boston, Massachusetts
April 27, 1962

Mr. C. E. DeLawder
Bananera

Dear Mr. DeLawder:

I had hoped that you could call me today as you had advised by wire, but I realize your reluctance to go to Guatemala City at this time.

My reason for asking you to call was to advise you that Tiquisate fruit is getting a very poor reception. This is probably partially due to nematodes, but from this distance it would seem that the main cause is probably wind whipped leaves due to your blowdown last fall. Since your fruit is not well received on the market, it seems that the best procedure would be for you to go through the farms and cut out all of the very poor fruit or plants which have such a poor or wind whipped leaf surface that they will not produce good fruit. The quality of your fruit would thereby be brought up, at least within the next three months. I realize that it is hard to do this so long after a blowdown, but something must be done to eliminate the worst of your poor quality fruit.

With respect to your boxed fruit, there are many complaints:

1. The quality selection is poor
2. The grade is on the light side
3. Pack in the boxes is reported as being too loose (this may be the result of the long rail trip)
4. Some small clusters are in the first-class pack, whereas the only clusters in this pack should be split bottom hands which are too big to go in the box whole
5. Latex stain has been heavy
6. Many of the boxes marked 6, 7, or 8 hands have actually contained 9 or 10 hands
7. Crown mold has been on the heavy side - I wonder if you are using Dithane dip in accordance with Research recommendations

Since you will be starting a larger boxing plant in July, it occurs to us that you should assign someone to supervise the boxing now who will at a later date supervise the larger boxing station. It would also seem worthwhile to send this person to Golfito or at least to Honduras to get as well acquainted with the problems and their solution as possible.

Yours very truly,

[signed: R.O. Miller]

cc: Mr. R. A. Holcombe

DEFENDANT'S
FEB 4 1974
DX 272

UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION

1103A

ATTESTATION

DEFENDANT'S EXHIBIT
U. S. DIST. COURT
E. D. OF N. Y.
JAN 24 1974
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I HEREBY ATTEST that attached is a full, true and complete copy of:

Preliminary prospectus dated May 16, 1962 as contained in post-effective amendment No. 5 to Form S-1 registration statement filed with this Commission May 16, 1962 by B. S. F. Company, pursuant to the provisions of the Securities Act of 1933, as amended, under File No. 2-14885

on file in this Commission

January 22, 1974
(Date)

Charles A. Moore
CHARLES A. MOORE
RECORDS OFFICER

It is hereby certified that CHARLES A. MOORE, Records Officer of the Securities and Exchange Commission, Washington, D.C., which Commission was created by the Securities Exchange Act of 1934 (15 USCA Sec. 78a et seq.), is official custodian of the books and records of said Commission, and all books and records created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he, and his subordinate, EDWARD A. WILSON, Deputy Records Officer, are authorized to execute the above attestation.

By the Commission

Secretary

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1104A

PRELIMINARY PROSPECTUS DATED MAY 16, 1962

PROSPECTUS

B. S. F. COMPANY

253,450 Shares of Capital Stock
(subject to adjustment)
(Par Value 66⅔¢ per Share)
reserved for outstanding
Stock Purchase Warrants

55,751 Stock Purchase Warrants

Stock Purchase Warrants are exercisable on or before May 20, 1964 and entitle the holder to purchase shares of Capital Stock at prices set forth herein.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The 253,450 shares are reserved for issuance on exercise of Stock Purchase Warrants (the "Warrants") which were issued pursuant to a Prospectus, forming part of a Registration Statement, dated April 21, 1959.

Each Warrant as adjusted to date evidences the right to purchase 1.69 shares of Capital Stock (subject to adjustment pursuant to certain anti-dilution provisions) at $13.02 per share to and including May 20, 1962, and at $13.61 per share on and after May 21, 1962 to and including May 20, 1963. See OFFER and DESCRIPTION OF STOCK PURCHASE WARRANTS. Upon the exercise of the Warrants no fractional shares will be issued and no adjustment for cash dividends will be made.

Since April 21, 1959 (the date of issuance of the Warrants) the number of shares reserved for issuance upon the exercise of the Warrants has been adjusted to 1.69 as a result of a three-for-two stock split in September 1959, and stock dividends of 1½% paid in June 1959; 1% paid in December 1959; 1½% paid in March 1960; 2% paid in June 1960, and in September 1960; and 1½% paid in December 1960, in March 1961, in June 1961, in September 1961, in December 1961, and in March 1962.

The outstanding shares of Capital Stock are, and the shares of Capital Stock issuable on exercise of the Warrants will be on official notice of issuance, listed on the American Stock Exchange and on the Philadelphia-Baltimore Stock Exchange. The last sale price on May 11, 1962 of the Capital Stock on the American Stock Exchange was $12.00 per share.

The Company is unable to estimate the number of Warrants that will be exercised or the proceeds to the Company with respect thereto.

Certain holders of outstanding Stock Purchase Warrants may offer periodically such Warrants for sale at the current market price on the over-the-counter market on the date of sale. The Company will receive none of the proceeds from the sale of such Warrants. Certain partners of the firm Sutro Bros. & Co. which was an Underwriter under the Company's Prospectus dated April 21, 1959 may offer 18,320 Warrants. Such Warrants were purchased by the Underwriter from the Company at a price of $.10 each. The remaining 37,431 Warrants may be offered by certain officers, directors and principal stockholders of the Company. The Company cannot estimate the number of Warrants which may be sold, their sale prices, or the proceeds to selling Warrant holders. See OFFER and SELLING WARRANT HOLDERS.

The Warrants are traded in the over-the-counter market. On May 11, 1962 the Warrants were quoted at bid and asked prices of $3.38 and $4.00, respectively.

The Warrants Will Expire at 3:30 P. M., Philadelphia Time, May 20, 1964

The date of this Prospectus is May , 1962
(Original Prospectus dated April 21, 1959)

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1105A

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

PERCENTAGE OF EACH CLASS OF RAILWAY OPERATING REVENUES TO TOTAL

	Year Ended December 31st				
	1957	1958	1959	1960	1961
SOURCE OF OPERATING REVENUES:					
Freight—Export Bananas	10.9%	11.8%	14.3%	19.5%	20.5%*
Freight—Export Coffee	8.8	10.7	11.7	9.3	8.8
Freight—All Other Exports	3.1	3.9	5.0	5.0	5.5
Freight—Imports	36.4	30.5	27.5	26.5	26.2
Freight—Local	9.8	11.4	10.5	9.4	8.8
TOTAL FREIGHT	69.0	68.3	69.0	69.7	69.8
Passengers	13.2	12.5	10.8	8.8	8.6
Express, Mail and Sundry	2.4	2.3	2.5	2.4	2.4
Port Operations	15.4	16.9	17.7	19.1	19.2
TOTAL OPERATING REVENUES	100.0%	100.0%	100.0%	100.0%	100.0%

* In the year 1961 banana freight revenues were taken into the accounts at the higher rates established by the decision in the Ripley case to the extent that these additional revenues were released to the Company out of the escrow account ($579,096.47) during the year 1961. If banana freight revenues had been based on the former contract rates the percentage of this revenue in 1961 would have been 16.5% of total operating revenues.

During the past five years the most significant single commodity shipped on the railroad has been bananas, principally through the port of Puerto Barrios, on behalf of United Fruit Company (whose activities are in the Atlantic Coast region), and its subsidiary, Compañía Agrícola de Guatemala (whose activities are in the Pacific Coast region), and until November, 1961, on behalf of Standard Fruit and Steamship Company ("Standard Fruit"). The growing of bananas is a very delicate operation since bananas are susceptible to various plant diseases and are subject to storm damage. As a result of a hurricane which struck Guatemala in early November, 1961, all of the Standard Fruit's banana plantations in the Tecún Umán area in the Pacific Coast region were destroyed, and that corporation has retired from its business activities in Guatemala. The following table shows the amount of revenue received by I. R. C. A. from Standard Fruit during the five years ended December 31, 1961:

Year ended December 31	Amount of Revenue
1957	$ 562,669
1958	508,342
1959	736,350
1960	1,034,682
1961	701,035

Therefore, in the absence of any offsetting factors, I. R. C. A. operating revenues from banana shipments may be expected to decline substantially in 1962.

However, I. R. C. A. forms an indispensable link in the present system for handling banana exports which are Guatemala's second most important foreign exchange earner. There are no shipments of export bananas from El Salvador. Coffee exports are important exports in both countries; I. R. C. A. handles a very substantial proportion of such exports. Cotton production is increasing in both El Salvador and Guatemala, although most of this production in Guatemala is shipped by trucks while in El Salvador the major portion is handled by the railroad.

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I. R. C. A. has contracted with United Fruit to transport that corporation's banana shipments until January 1, 1968. There is also a contract with United Fruit's subsidiary, Compañía Agrícola de Guatemala, dated May 18, 1948, regarding banana shipments from the West Coast of Guatemala to Puerto Barrios, which contains a provision that the subsidiary is required to send its bananas over the lines of I. R. C. A. only until January 1, 1963. The subsidiary nevertheless may be obliged to use the I. R. C. A. lines until January 1, 1968. Said contract also provides that United Fruit would not construct a port on the Pacific Coast of Guatemala until January 1, 1963 without approval of I. R. C. A.

United Fruit may be considering highway transportation (by truck) of its bananas when and if such choice becomes available to it in the future, or it might, at any time, curtail or discontinue its banana business in Guatemala, either of which events would adversely affect the operating revenues of I. R. C. A.

Transportation of bananas and of coffee in Central America is essentially seasonal. The principal movement of bananas is usually between the months of January and May, and the principal movement of coffee is between the months of October and April. As a result, the period from January through May of each year comprises the period of heaviest use of railroad facilities and consequently the period of highest railway operating revenues.

During the rainy season generally from May through October storm and flood damage (chiefly washouts and land slides) to the railroad is not uncommon but has not been serious during the past five years. However, the management of I. R. C. A. believes that the railroad is in better physical condition than competing highways to withstand the rainy season, because of the comparatively more seasoned condition of the I. R. C. A. roadbed and the comparatively higher standards of railroad maintenance. Funds for maintenance of new two-lane paved highways are very limited, and slides and washouts are not uncommon during the rainy season. The last major storm damage to I. R. C. A. occurred in 1949, when floods caused approximately $1,500,000 damage to railroad properties.

Freight imports, which comprised approximately 26% of I. R. C. A.'s operating revenues in 1961, consist of a wide variety of commodities, including principally the following (with the relevant percentage of the specific commodity to total freight imports, in 1961, on a tonnage basis, shown in parenthesis): fertilizer, (19.7%), oil, (17.1%), gasoline, (15.7%), wheat, (8.4%), iron and steel, (7.8%), paper, (3.4%), and wheat flour, (2.7%).

Competition:

I. R. C. A. is subject to active and increasing competition, with respect to both freight and passengers, from governmental and private corporations which operate trucks and bus lines on new highways (constructed with U. S. assistance) in both Guatemala and El Salvador. The Atlantic Highway between Guatemala City and the government-owned port of Matías de Gálvez (formerly Santo Tomás) parallels the railroad. In addition, paved highways now parallel all of the railroad's major lines in Guatemala except from Zacapa to the Salvador border and a U. S. loan has been granted for the construction of a paved highway roughly paralleling this last route.

There are indications that various agencies of the government of Guatemala have encouraged shipment through the port of Matías de Gálvez, which is not served by I. R. C. A. Attempts by the railroad to secure governmental approval of construction of a railroad spur from near Puerto Barrios to Matías de Gálvez on a free competitive basis have not been successful. Sporadic use of Matías de Gálvez is being made by shipping companies, some of which ship highway trailers by barges from southern United States ports. The management of I. R. C. A. believes that its port of Puerto Barrios has suffered a tonnage loss of approximately 15 to 20% as a result of the construction and operation of Matías de Gálvez. The 20-mile long government-owned railroad, a former German-owned company seized by the Guatemala government during World War II and located near Livingston, is insignificant as a competitive force. The government-owned port of Champerico, on Guatemala's Pacific coast, is served by I. R. C. A.; however, at this port no handling charges are imposed on truck delivered goods,

of 3536 of Dx 274

1107A

whereas handling charges are imposed on I. R. C. A.-delivered goods. The management of I. R. C. A. has protested this situation to the Guatemalan Port Company and believes that much of this discrimination may disappear but there is no assurance that it will cease.

In El Salvador, the government has constructed and is operating a competing port (Acajutla), which is served by a British-owned railroad (Salvador Railway Company), in competition with I.R.C.A. in the Santa Ana/Ahuachapan coffee region of El Salvador. Because of its insolvent financial condition Salvador Railway Company received a Salvador government loan of $80,000 in 1961. As a result of the operation of Acajutla and as a result of the recent Honduran Government regulation requiring virtually all cargo bound for Honduras from the Pacific Coast to be discharged at the Honduran port of Amapala, the management of I.R.C.A. estimates that its port of Cutuco is suffering a revenue loss of approximately 10 percent; however, the management of I.R.C.A. believes that this loss is temporary in view of extra handling through Amapala. Continued new highway constructions in El Salvador has caused and may continue to cause some loss of revenue to I.R.C.A. although I.R.C.A.'s operations in El Salvador have been profitable from 1947 through 1961, inclusive.

As a result of all such competition, I.R.C.A. has on several occasions been obliged to reduce its rates in both countries, in some cases below levels which are considered profitable. For all practical purposes, I.R.C.A.'s railway rates are in effect established by rates charged by trucks, and I.R.C.A.'s port charges are in effect established by the rates charged by competing government ports. Certain port charges in Matías de Gálvez were reduced 25% by the Guatemalan government in February 1958 and I.R.C.A. was forced to make similar reductions at Puerto Barrios. However, the government of El Salvador has agreed to an increase in import rates through west coast Salvador ports which will average about 8% in Cutuco, as compared to January 1962 rates. I.R.C.A. is negotiating for an increase in export rates in these same ports, which if secured may average about 5% in Cutuco. There is however no assurance that such increase will be agreed upon.

Recent Developments

Political and other disturbances in both Guatemala and El Salvador have created in the past, and may in the future continue to create, conditions which may make profitable operation of the railroad difficult. Recent unsettled political conditions have tended to restrict the economic growth of both countries.

In Guatemala, during the period of left-wing regimes between 1944 and 1954, harassment of I.R.C.A. in the form of governmental pressures became common. Since 1954, when more conservative governments have been in power, such pressures have continued, although they have assumed different forms, chiefly competitive. During periods of political disturbances and serious rioting, the Guatemala government has on occasions decreed the militarization of the railroad in order to maintain this essential service. Such militarization has also been promptly ordered when I.R.C.A. workers go on strike, as occurred on January 17, 1959 when militarization was ordered after a 2½ hour work stoppage.

In March 1962 student protests in Guatemala City against the conduct of the December 1961 congressional elections led to street rioting in which it is said approximately 25 people were killed and several hundred injured. A state of siege had previously been proclaimed in January 1962 following a political assassination. The student protest was joined in by many workers (including many I.R.C.A. employees) and governmental employees. As governmental police were unable to contain and disperse the rioters, the Guatemalan Army was ordered into action to restore order. All essential facilities (including among others, I.R.C.A., banks, public utilities and telecommunication facilities) were placed under Army guard or militarized on March 14, 1962. The governmental decree militarizing certain facilities stated that such militarization would continue until public order was restored. Financial control of the facilities is not involved. In the meantime operations of the railroad are normal. As of the date of this Prospectus, such militarization of I.R.C.A. was continuing.

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The first year in the history of I. R. C. A. in which a loss was incurred was in 1958. Railway operating revenues declined from $17,303,950 in 1956 (the largest amount in I. R. C. A.'s history) to $12,237,841 in 1961, or a decrease of approximately 29%. This decline of operating revenues has resulted from increased competition from trucks and buses and from new ports, from storm damage to banana plantations, from fluctuations in the coffee prices and production, from serious labor difficulties in Guatemala and from generally unsettled political conditions which retard economic development in both Guatemala and El Salvador. See *Business* and *Competition* above.

Although railway operating expenses have also declined, such reductions have not offset the decreases in operating revenues, and net losses have resulted since 1958. As railway operating revenues have declined, it has been necessary to terminate employment of certain workers. Such terminated employees are entitled to receive substantial termination pay. See *Employment—Labor Relations* below. In 1959 termination pay to 647 employees released from service amounted to $807,495; in 1960 termination pay to 96 separated employees aggregated $138,665; and in 1961 termination pay to 151 separated employees aggregated $253,538. In addition, pressure by the labor union in Guatemala for increased wages and fringe benefits, even in the face of large railroad losses, led to a decision in February 1959 by the Labor Court of Appeals of Guatemala which granted salary increases of approximately $400,000 per year.

As a result of the decision of the *Ripley* case (see *Litigation* below), I. R. C. A.'s charges for hauling United Fruit bananas were increased, as follows: on the east coast from Bananera to Puerto Barrios from 11½¢ to 15⅓¢ per stem, and on the west coast to Puerto Barrios from approximately $85 to $130 per carload. Under the decision these rates are to remain in effect until I. R. C. A. promulgates a different rate to the general public for transportation of export bananas in these areas. Following the withdrawal of Standard Fruit from business in Guatemala in late 1961, there is no competition in Guatemala to United Fruit in the banana export business.

Railway operating revenues and net loss (unaudited) for the three months ended March 31, 1962 were $2,887,832 and $164,394, respectively. Railway operating revenues and net profit (unaudited) for the three months ended March 31, 1961 were $3,709,473 and $135,391, respectively. In addition to the other factors mentioned under "Competition" the decline in railway operating revenues of $821,641 in 1962 as compared to 1961 was primarily caused by a substantial reduction in the export shipment of bananas resulting from the termination of Standard Fruit's activities and from a decline in the west coast shipment of United Fruit bananas. In the opinion of I. R. C. A.'s management, all adjustments (which adjustments represent only normal recurring accruals) necessary to a fair statement of the results have been made in determining these amounts.

Employment—Labor Relations

As of December 31, 1961, I. R. C. A. had approximately 6,500 full-time employees, of which about 4,400 were located in Guatemala and about 2,100 in El Salvador. Wages paid I. R. C. A. employees are, generally speaking, at least equal to wages paid other employees of comparable skills in the two countries.

Labor conditions in Guatemala are not satisfactory; strikes and work stoppages for economic and political reasons have been frequent during the past five years. See RECENT DEVELOPMENTS above for information about the March 1962 militarization of the railroad. Guatemalan employees of I.R.C.A. are represented by the Railwaymen's Union (SAMF), believed to be the largest and most powerful union in Guatemala. I.R.C.A.'s Collective Pact with SAMF expired on August 31, 1961, and was denounced by both the union and the railroad. Under Guatemala law, until conclusion of a new pact, the terms and conditions of the former Collective Pact remain in full force and effect. I.R.C.A.'s management believes that it is unable to grant any further benefits to its workers in view of the railroad's financial condition. Under the laws of Guatemala and El Salvador, terminated workers are entitled to substantial termination pay. As a result, I.R.C.A. is confronted with a dilemma: in order to reduce expenses, the services of excess workers must be terminated; however, such terminations require

DX 274

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BOSTON AUGUST 16 1562

COMMUNICATIONS BUREAU 0800 AM
Copy of Message Received

* TIQUISATE 15 1400

MILLER/TILLEY

SUGGEST 5000 STEMS TIQUISATE FRUIT LOADED QUISQUEYA AUGUST 15TH BE CHECKED CAREFULLY ON ARRIVAL BALTIMORE FOR VOLCANIC ASH STOP VOLCANO FUEGO HAS BEEN ACTIVE FOR MORE THAN ONE WEEK AND CONSIDERABLE FALLOUT OVER TIQUISATE

DELAWDER

MR. FOX
MR. MILLER (3)
MR. TILLEY
MR. STICKNEY
MR. VANDIEPEN (3)
MR. STIER
MR. HOELLE
MR. A.E.CARPENTER

DEFENDANTS

FEB 4 1971

DX 282

* illegible

1110A

Boston, 24th September 1962

A meeting of the Board of Directors of Compania Agricola de Guatemala was held at the office of the Company in Boston on Monday the 24th September 1962 at 10:00 o'clock in the forenoon.

There were present Messrs. Anderson, Claflin, Gardner, Hill, Nichols, Osborne, Sisto, Sunderland and Toulmin constituting a quorum.

Upon motion duly made and seconded, it was

Voted to authorize an appropriation of $150,000 for the construction and installation of 10 boxing stations in the Tiquisate Division.

Upon motion duly made and seconded, it was

Voted to approve the 1963 Capital Expense Budget in the amount of $7,400, together with the carry-over to 1963 of any betterment or non-betterment expenditures previously approved and remaining unspent and uncancelled at the close of the current year.

There being no further business to come before the meeting, it was

Voted to adjourn.

The meeting then adjourned pursuant to the foregoing vote.

A true record.

Attest:

Franklin Moore

Secretary

DEFENDANTS

DX 285

XXXXXXXXXXXX
XXXXXXXXX

1111 A

3 October 1962

The Honorable Ambassador of the
United States of America
Guatemala

Mr. Ambassador:

As you undoubtedly know, the Congress of the Republic of Guatemala has passed a "Ley de Transformación Agraria" and it is now being prepared for forwarding to the President. If it should become law, an autonomous hierarchy, the Instituto Nacional de Transformación Agraria, will be established which would not be subject to the normal constitutional guarantees or the protection of the Guatemalan courts.

Although we have not had an opportunity to study a copy of the law as passed by Congress, we understand that there are provisions of the proposed law which may invoke the protection of private property of United States citizens and corporations in Guatemala.

We wish to make it clearly understood that the present comments with respect to the proposed law are in no way to be considered as all inclusive and that once we have had an opportunity to study the text of the law as finally passed by Congress, further and more extensive comments may be required.

First, the autonomous institute which is created to control agrarian property would not be subject to the jurisdiction of the courts and all matters pertaining to the expropriation and determination of the value of expropriated property shall be administrative and not subject to appeal to the courts.

A second point, which we wish to bring out, is that the proposed Agrarian Law does not make provision for the payment of prompt, adequate and effective compensation for expropriated property. This is contrary to what has always been the traditional position of the Government of the United States with respect to payment for the taking of the private property of its citizens. Inaction with respect to the proposed law will certainly be interpreted as approval by the United States Government.

We also wish to point out that the proposed law would fail to comply with the provisions of the Hickenlooper amendment to the Foreign Assistance Act of 1962 which provides that recipients of aid

DEFENDANT'S

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from the United States must take appropriate steps to discharge their obligations in accordance with international law.

It is respectfully urged that the Government of the United States use all of the facilities at its command to point out to the President of Guatemala that the adoption of the proposed law would be contrary to the fundamental principals of international law traditionally followed by the free nations of the world and that it is not in conformity with the Alliance for Progress program.

Very truly yours,

George S. Howard
Assistant to General Counsel

bc: Mr. T.E. Sunderland
Mr. V.C. Folsom
Mr. R.C. Miller
Mr. R.A. Holcombe
Mr. C.E. DeLawder

DX 290

PREWITT SEMMES
DETROIT

1436 PENOBSCOT BUILDING

1113A

October 9, 1962

Mr. T. E. Sunderland, President
United Fruit Company
30 St. James
Boston 16, Massachusetts

Dear Mr. Sunderland:

I have been a stockholder of United Fruit for many years (stock registered in the name of Bache & Co.), and for this reason I am assuming to trespass on your time.

I have a cotton plantation in Arkansas, and a young man (a relative) who operates this farm for me has been informed that Guatemala is a fantastic opportunity for cotton planting.

Knowing of your organization's familiarity with all the Central American countries I am wondering if I can see in Boston one of your men who would be familiar with that situation.

I should like to make a visit to your office the week of October 22nd, if this would meet with the schedule of the man to whom you would refer me.

With best regards, I am

Sincerely,

Prewitt Semmes

Prewitt Semmes

PS:MS

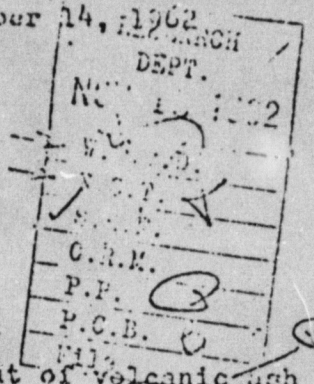
DEFENDANT'S

JAN 30 1974 Dx 293

UNITED FRUIT COMPANY - GUATEMALA DIVISION

1114A

Bananera, Guatemala
November 14, 1962



Mr. R. O. Miller
Boston, Massachusetts.

Dear Mr. Miller:

I sent you several messages about fallout of volcanic ash on Tiquisate which occurred Friday November 9th. This was the most severe fallout ever experienced in that Division and the effect on fruit is still in doubt. The ash deposits range from severe on farms near town, to light on farms near the ocean.

There were some burned leaves on banana plants on Monday November 12th and whether this will be more pronounced later is also unknown. Fruit for "Wesermuende" loading November 13-14th (28764 stems and 4320 boxes) was washed in water and Dithane but traces of ash could still be found. Boxed fruit was better as the individual hands remained in the water for a longer period.

In addition to the condition on the farm, there is the ash on the IRCA railway. Fallout was particularly severe around Santa Lucia, Escuintla and Palin. The wharf people report ash on top layers of all stem fruit and boxes for "Wesermuende" but claim little or nothing on the fruit. This is discounted as the loading started at dark and terminated before daylight and this microscopic substance would be difficult to identify.

The West Coast estimate for next three months is about 500,000 stems. We will certainly appreciate a report from Rotterdam quickly as "Wesermuende" fruit is discharged and in the meantime I suggest we continue with scheduled shipments of West Coast fruit. I am also inclined to believe this volcano will continue to trouble us for sometime.

Very truly yours,

C. E. DeLawder

Copy to: Mr. R. A. Holcombe
Mr. W. F. Tilley
Mr. W. T. vanDiepen
Mr. C. E. DeLawder - West Coast

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DX 297

.2286 (2-48)

COMMUNICATIONS BUREAU

1113A

Copy of Message Received

NOLA73

BOSTON 24 DEC 1962 1224PM

NOGUA77 RUDDER GU HANSIS BN

241047 MILITARY FORCES TAKEN OVER POST OFFICE AND TELEGRAPH BUILDINGS AND WILL ADMIT NO ONE STOP WE UNABLE REMOVE CORRESPONDENCE IN OUR POST OFFICE BOX AND DO NOT KNOW WHEN WE WILL BE ABLE TO GET THOSE LETTERS STOP YOUR LETTER SEVENTEENTH MENTIONED IN RADIOGRAM 171430 NOT BEEN RECEIVED

MR SUNDERLAND (2)
MR FOX
MR MILLER (3)
MR MARQUETTE
MR FOLGOM (2)
MR A E CARPENTER
MR REAGAN
MR MCCONKEY (2)
MR TOLLEY
MR HANSIS
MR CHAPMAN
MR STICKNEY

2286 (2-48)

COMMUNICATIONS BUREAU

NOLA 29

P-4 Guat
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Copy of Message Received

1116A

BOSTON, DEC. 24, 1962

930 AM

RUDDER GUATEMALA HANSIS BOSTON (COPY DOBBS NEWORLEANS)

240743 GOVERNMENT TELEGRAPH AND POSTAL SERVICES ON STRIKE SINCE ABOUT MIDNIGHT STOP WORKERS STATE THOSE SERVICES IN ALL REPUBLIC ARE OUT STOP THERE WILL BE INDEFINITE DELAY TO SMALL AMOUNT OF RADIOGRAMS DESTINED TO PLACES OTHER THAN BARRIOS BANANERA GUATEMALACITY AND TIQUISATE STOP TALKS BETWEEN PRESIDENT AND WORKERS AND MINISTER OF COMMUNICATIONS AND WORKERS FAILED TO AVOID STRIKE STOP MAIL SERVICE ALREADY WAS MESSED UP BADLY STOP UNTIL FURTHER NOTICE AIRMAIL FOR TROPICAL RADIO GUATEMALA SHOULD BE SENT IN ENVELOPE ADDRESSED TO ☒ ME IN CARE DOBBS NEWORLEANS STOP EYE WILL INDICATE TO DOBBS HOW TO ONFORWARD LATER TODAY OR MORNING TWENTYSIXTH

MR SUNDERLAND (2)
MR FOX
MR MILLER (3)
MR MARQUETTE
MR FOLSOM (2)
MR AE CARPENTER
MR REAGAN
MR MCCONKEY (2)
MR TILLEY
MR HANSIS
MR CHAPMAN
MR STICKNEY

Dx303

1117A

DEFT/YNEGER EX
8/26/70
(copy)

Annual Report

INTERNATIONAL RAILWAYS
of
CENTRAL AMERICA

1962

15 EXCHANGE PLACE
Jersey City 2, N. J.

760

1118A

Annual Report to Stockholders, Year Ended December 31, 1962

REVENUES

Railway operating revenues for 1962 were $11,154,638 compared with $12,23[illegible]40 for the year 1961, a decrease of $1,0[illegible]3,202 or 8.[illegible]%.

Freight revenue from export bananas decreased $1,222,995 or 48.8%. Because of the effects of a hurricane on the West Coast of Guatemala in late 1961, the Standard Fruit Company, which had been shipping approximately 500 cars of bananas a month over our lines, closed their operations in Guatemala, and the banana movement from the West Coast plantations of Compañía Agrícola de Guatemala was only 7,305 cars in 1962 compared with 13,693 cars in 1961.

All other categories of freight revenue showed increases in 1962. Freight on export coffee increased $156,570; other exports $103,952; imports $122,372; local $25,395.

Passenger revenues decreased $62,750, revenues in Guatemala having declined $75,032 because of highway competition, unrest and poor general economic conditions, while El Salvador passenger revenues increased $12,332 due to improvement in business conditions.

Port revenues decreased $186,955 due to loss of the Standard Fruit Company banana movement in Guatemala and to less import tonnage in El Salvador. The decrease in imports in El Salvador was caused partly by loss of tonnage to the new Government port of Acajutla and partly through reduced imports, especially fertilizers.

The Foreign Exchange Control Law, which went into effect in Guatemala in October 1962, had an immediate adverse reactive effect on business activity and so far has tended to reduce the volume of general business in the country, particularly volume of imports. Exchange restrictions imposed by El Salvador in 1961 are still in effect.

EXPENSES

Railway operating expenses for the year 1962 were $12,368,684 compared with $12,819,044 for the year 1961, a decrease of $450,360 or 3.5%. Operating expenses for 1962 include a reserve of $271,000 for injuries to persons and repairs to equipment in connection with a train wreck at Buena Vista in December 1962.

During 1962 personnel was reduced by 293 workers. Severance pay amounted to $264,582.

Maintenance of way expenses were $208,295 less than in 1961 as a result of the general retrenchment program in effect and reduction of extra gangs. Cost of track maintenance decreased $86,282; maintenance of buildings and structures $42,212; roadway machines $25,880. Total ties placed in 1962 was 138,781 compared with 166,866 in 1961. Severance pay was $31,636 less than in 1961.

DX 305

11191

URES

investment in road and

.....	$61,884
.....	5,369
	$56,515

d in the above are $17,187
16,678 for vacuum equip-
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litioning freight cars.
way buildings and $3,593

17,660, given in 1957 in
electric locomotives, were

the Guatemala Division,
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us to be without merit.
Pact in Guatemala, which
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27, 1962 the labor union
new work contract. Dis-
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TIVE ACTION

rought in 1949 by Charles
New York County, against
a and United Fruit Com-
ly reported, resulting in
vor of International Rail-
ruit Company (which were
n said Court on January 22,
igation on claims for fees,
experts and released the
nternational Railways.
s aggregating $1,778,539
r 1961 to attorneys and

experts for services rendered and expenses incurred, were reduced by the Appellate Division in May 1962 to $2,101,901 (16 A. D. 2d 260). The judgment of the Appellate Division was affirmed by the Court of Appeals in December 1962 (12 N. Y. 2d 814). Thus the action has been ended.

DIRECTORS

During 1962 Messrs. Maurice Goodman, Arthur Brown, P. Blair Lee, Charles L. Stillman and Herman E. Willer resigned as Directors of the Company and Messrs. O. Roy Chalk, Donald S. Dawson and Emil Rogers of the Transportation Corporation of America were elected new Directors of the Company. Mr. Henry M. Hubshman, Jr. was elected a Director on March 1, 1963.

GENERAL OFFICERS

Mr. William H. Eilert, Assistant Secretary and Assistant Treasurer, retired as of October 31, 1962 and Mr. Richard J. Rondanina was elected to these offices.

DIESELIZATION

The Company applied to the Agency for International Development for a loan in order to help finance the acquisition of approximately forty-four (44) Diesel electric locomotives. The application has undergone extensive study and consideration, including inspection of the Company's properties in Guatemala and El Salvador, and it is expected that a decision thereon by said Agency will be forthcoming at an early date.

TRANSPORTATION CORPORATION OF AMERICA

In October 1962 the Transportation Corporation of America (T.C.A.) purchased 242,600 shares of our common stock held by the B.S.F. Company which, together with other purchases by T.C.A. and one of its subsidiaries, resulted in its ownership of 50.6% of the voting stock as of December 31, 1962.

GENERAL

Highway competition continued in both Guatemala and El Salvador. In El Salvador, in addition to highway competition, we were also confronted with a difficult port tariff situation due to the inauguration of the Government owned port of Acajutla. While it was necessary to make rate reductions during 1961 and early 1962, during the latter part of 1962 we were able to adjust upward various of our rates and we believe we can still do more along this line during 1963.

The coffee crop in Guatemala for the 1962/1963 season, is estimated at 1,250,000 bags as compared to 1,543,000 bags for the 1961/1962 season and in El Salvador 1,350,000 bags in 1962/1963

DX 305

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as compared to 1,800,000 bags for the 1961/1962 season. The cotton crop in both Guatemala and El Salvador for the 1962/1963 season is estimated to be about 260,000 bales and 330,000 bales, respectively, as compared with approximately 175,000 bales for Guatemala and 250,000 bales for El Salvador during the 1961/1962 crop. In El Salvador we handled about 85% of the cotton and cotton by-products. In Guatemala, due to the cotton producing areas being near the ports and previous commitments between cotton producers shippers and truckers, we did not handle much of this product in past years. However, during the 1962/1963 crop we hauled about 25% of the cotton and cotton by-products crop and hope to increase this percentage in the future.

Political problems in both Guatemala and El Salvador created certain unrest which adversely affected our operations. A new President took office in El Salvador on July 1, 1962. Presidential elections in Guatemala will be held in November 1963 and we can, perhaps, expect the usual election year unsettled conditions which will not be generally favorable to business.

The United Fruit Company has announced plans for a substantial increase in banana plantings in the Atlantic area.

Exchange controls in Guatemala were placed in effect on October 13, 1962. These controls and restrictions on the purchase of foreign exchange for general remittances outside of the country, as well as for payment of imports which were also restricted, reduced import tonnage and consequently our revenues.

The new oil refinery of Guatemala-California, Inc., located between Puerto Barrios and Puerto Matias de Gálvez, was formally opened on February 14, 1963.

The Board of Directors is appreciative of the loyal and diligent support from its officers and employees.

HAROLD W. HAASE,
President

LOUIS YAEGER,
Chairman of the Board

March 29, 1963.

DX 305

DEFENDANTS

EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.

305 B

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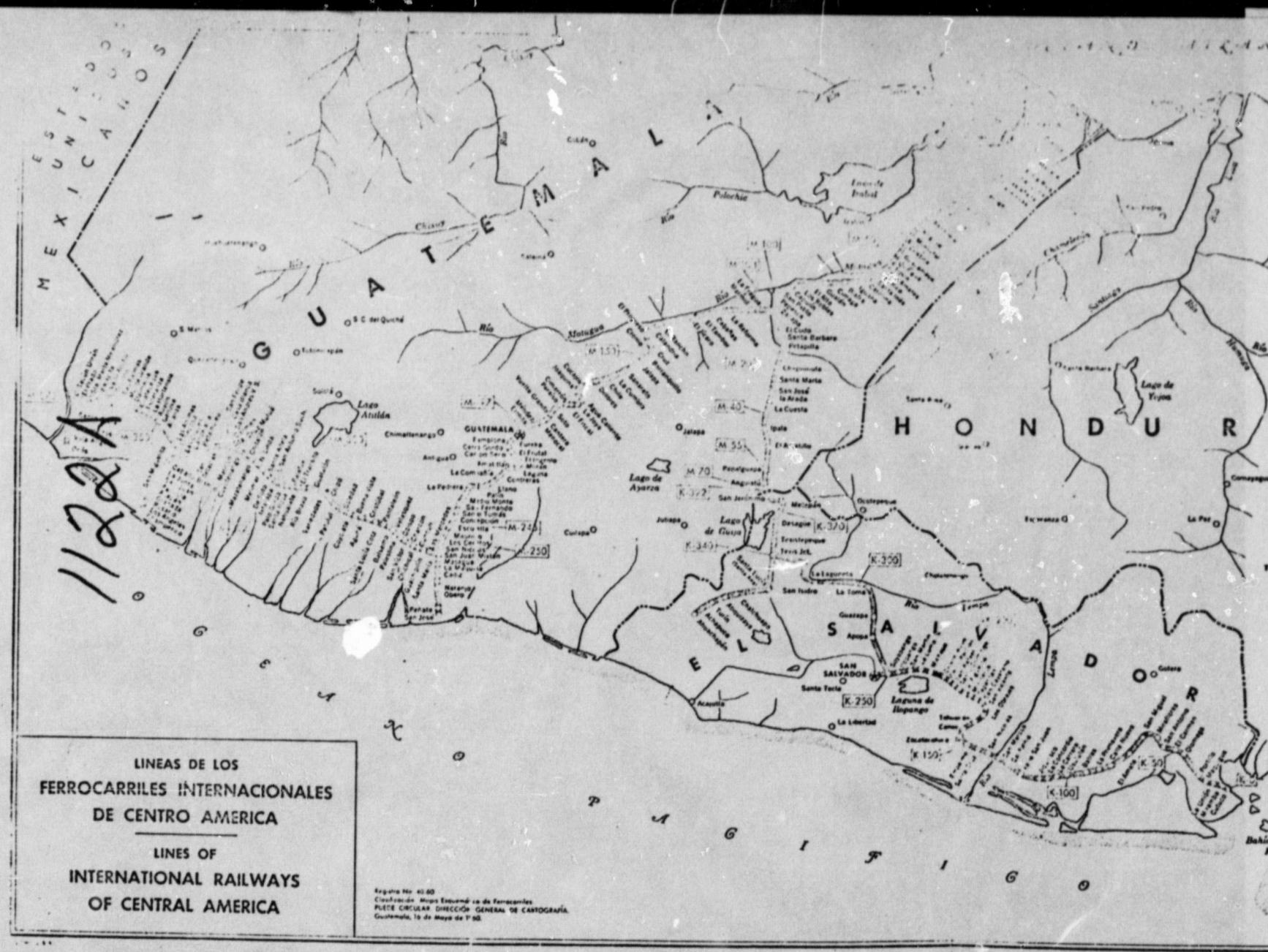
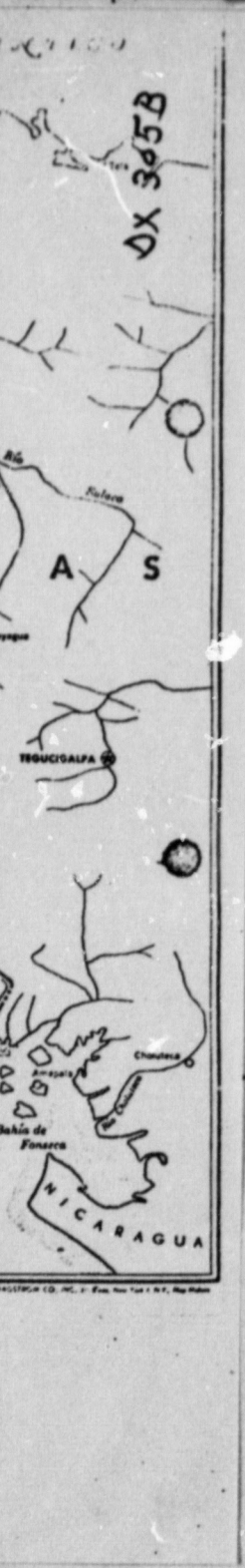
11214


MEXICANOS
ESTADOS UNIDOS
GUATEMALA
HONDURAS
EL SALVADOR
Océano Pacífico
Río Motagua
Río Chixoy
Río Polochic
Lago Atitlán
Lago de Ayarza
Lago de Güija
Lago de Yojoa
Laguna de Ilopango
GUATEMALA
SAN SALVADOR
Santa Tecla
La Libertad
Acajutla
Sonsonate
Ahuachapán
Metapán
Chalchuapa
Coatepeque
Quetzaltenango
Retalhuleu
Mazatenango
Escuintla
Amatitlán
Antigua
Chimaltenango
Sololá
Jutiapa
Cuilapa
Barberena
Santa Rosa de Lima
La Unión
Cutuco
Amapala
Puerto Cortés
Omoa
Tela
La Ceiba
Trujillo
Puerto Barrios
Morales
Izabal
Lago de Izabal
Río Dulce
Livingston
Gualán
Zacapa
Chiquimula
Esquipulas
Santa Rosa
Jalapa
Progreso
Agua Caliente
Anguiatú
Ipala
Chanmico
Santa Ana
Coatepeque
Ocotepeque
Nueva Ocotepeque
Citalá
La Palma
Tejutla
Chalatenango
Nueva Concepción
Suchitoto
Cojutepeque
Sensuntepeque
Ilobasco
Sonsonate
Izalco
Armenia
Santa Tecla
Quezaltepeque
Apopa
Soyapango
Ilopango
Zacatecoluca
San Vicente
Usulután
Jucuapa
Santa Elena
Berlín
Alegría
Tecapán
Jiquilisco
Puerto El Triunfo
La Unión
Conchagua
Intipucá
Amapala
Goascorán
Choluteca
Pespire
Orocuina
Concepción de María
Danlí
Juticalpa
Catacamas
Puerto Lempira
Trujillo
Tela
La Ceiba
Omoa
Puerto Cortés
Villanueva
La Lima
El Progreso
Tela
Corinto
Morales
Puerto Barrios
Santo Tomás de Castilla



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D-X 95 to 98
3/19/65 - M.M.C.

Annual Report

INTERNATIONAL RAILWAYS
of
CENTRAL AMERICA

1963

15 EXCHANGE PLACE
Jersey City 2, N. J.

840

DEFENDANT'S

JAN 23 1974

1124A

DIESELIZATION

Plans and negotiations are still going forward on the purchase of diesel electric locomotives to replace the expensive to operate, and maintain, steam power which we still have in operation. We hope to purchase diesel locomotives during the coming year upon obtaining investment guaranty insurance from the Agency for International Development.

TRANSPORTATION CORPORATION OF AMERICA

As of December 31, 1963, Transportation Corporation of America ("TCA") was the owner, directly or indirectly, of 307,142½ shares of common stock of the Company, representing ownership of approximately 61.4% of the outstanding common stock and 51.2% of the total voting stock of the Company.

At a meeting held on March 18, 1964 the shareholders of TCA approved an offer to all holders of common stock of the Company to exchange such common stock for Class A stock of TCA on a share for share basis. The offer of exchange, commenced on March 26, 1964 and is effective for a period of 30 days, unless thereafter extended for an additional period by TCA, at its option. TCA's obligation to be irrevocably bound by the exchange offer is conditioned upon its acceptance by the holders of at least 71,500 shares of the issued and outstanding common stock of the Company reduced by any shares of the Company's common stock hereafter purchased by TCA in the open market prior to the termination of the exchange offer. In the event that less than 71,500 shares of common stock of the Company are deposited pursuant to the exchange offer TCA may, at its option, elect to accept all of such shares of the Company so deposited.

GENERAL

Highway competition in Guatemala and El Salvador continued to affect the railroad, especially as regards passenger and less than carload local freight business. In El Salvador the Government owned port of Acajutla combined with the opening of new paved highways designed to facilitate movement from the Santa Ana and Ahuachapán areas have resulted in loss of export coffee movement which we formerly enjoyed through Cutuco and Barrios, this loss may reach five percent of the total crop this year in this area, but we hope to offset this by increased movement of coffee from other areas.

Effective December 31, 1963 the Government of El Salvador purchased the La Libertad port installations and equipment owned by W. R. Grace & Company (Agencia Salvadoreña) and as of January 1, 1964 the Government controlled Port Commission of Acajutla will operate this port. We do not anticipate that the competitive situation as regards the Port of La Libertad will undergo any serious change to our disadvantage.

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1125A

The coffee crop in Guatemala for the 1963–64 season, is estimated at 1,300,000 bags as compared with 1,700,000 bags for the 1962–63 season, and in El Salvador 1,600,000 bags for 1963–64 as compared with 1,450,000 bags in 1962–63.

The cotton crop in Guatemala in the 1963–64 season is estimated at 240,000 bales as compared to 230,000 bales in the last season. The cotton crop in El Salvador is expected to reach 420,000 bales in the 1963–64 season as compared with 330,000 bales in the 1962–63 season. Despite the increased competition over the highways and through the Government controlled ports in both countries, we expect to handle the same or a larger percentage of the crops in both countries this season. New warehouses in both Puerto Barrios and Cutuco will provide better facilities in both Guatemala and El Salvador for handling cotton and cotton by-products, as well as other exports and imports, and will enable us to give better service to our clients and improve our competitive position.

There is more political stability in both Guatemala and El Salvador than there has been in recent years and this has been reflected in better economic conditions in both countries.

During 1963 the Board of Directors authorized the investment of approximately $2,687,500 to be made in modernizing certain existing facilities and rolling stock, in purchasing machinery, equipment, trucks and rolling stock and in constructing additional warehouse facilities, thereby enabling the railroad to give better and more economical service in the countries served. Application is being made to the Agency for International Development to obtain guaranty coverage for the investment.

Present reports are that Compañía Agrícola de Guatemala (a subsidiary of United Fruit Company) will suspend its operations on the West Coast of Guatemala during the latter part of 1964. In 1963 revenue obtained from Compania Agricola for transportation of bananas and other merchandise and for sundry services amounted to 9.8% of the Company's operating revenue for the year. We understand that studies are being undertaken by the Government and other interested parties with regard to the future utilization of this property.

Exchange controls continue in effect in both Guatemala and El Salvador, but despite restrictions on general remittances outside both countries, as well as in the payment for imports, the import tonages improved slightly in both countries; this together with increases in import tariffs during 1963 has resulted in an increase in our revenues.

New oil refineries are in production in both Guatemala and El Salvador. Movement of products from these refineries by tank truck has resulted in a decrease in the revenue from rail tank car traffic.

Increased interest in small industrial plants and in housing projects in both Guatemala and El Salvador promises to result in more traffic for the railroad during 1964.

DX 308

MAR 12 1963

MEMORANDUM

J. M. FOX

1126A

March 11, 1963

Mr. R. O. Miller:

Subject: Valery Production Estimates

Many thanks for copy of Mr. Holcombe's February 23rd Circular No. 63-8 regarding contracts for Valery bananas and potential production of this variety.

When considering contracts for Valery, I believe that (1) we should deal with the optimum production that can be reasonably anticipated -- for obvious reasons; and (2) the emphasis should be placed on pounds or tons of quality fruit per acre/year rather than stems because this fruit will be boxed.

In this connection you will be interested in reviewing the attached Research five-year summary of production and loss data for the experimental Valery planting in Mopala Farm, Honduras.

These records show that the second ratoon crop from plots receiving 400 lbs. of nitrogen annually per acre yielded 640 stems reaped out of 690 stems shot per acre/year with a mean bunch weight of 90.1 lbs. Total weight harvested was 28.91 tons per acre/year. Population in these plots is 403 mother plants per acre.

For comparative purposes, second ratoon Valery production from a similar experimental planting in Guaruma III Farm, Honduras, with 360 mother plants per acre, amounted to 540 stems reaped out of 643 stems shot per acre/year with a mean bunch weight of 107.2 lbs. Total weight harvested was 26.95 tons per acre/year. Annual rate of nitrogen fertilization for these plots has been 300 lbs. per acre.

Average annual production figures based on the five-year data from the Mopala 400 pound nitrogen plots, including the plantilla crop, are as follows:

Stems shot per acre/year	707
Stems reaped per acre/year	615
Mean bunch weight	90.0 lbs.
Total weight per acre/year	27.66 tons

These high yields result from the fact that Valery is a Fucarium wilt resistant, low-growing banana variety which gives a faster crop turn-over. In considering this data for extrapolation to actual commercial plantings, however, the following points should be kept in mind:

1) The experimental planting was 100 per cent guyed.

2) Close attention to all cultural phases was possible because of the limited acreage involved. All work was conducted under close research supervision.

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JAN 30 1974

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3) Valery is not completely blowdown resistant - i.e. while it does have a greater degree of blowdown resistance than Gros Michel because of its low-growing habit, it will still be blown down if winds are of sufficient intensity.

4) With the exception of Fusarium wilt, it is still susceptible to the same diseases and insects as Gros Michel. The possibility always exists that under more extensive cultivation it may exhibit weaknesses -- cultural or otherwise -- which would not have an opportunity to express themselves fully under test plot conditions.

As a point of reference when making production estimate extrapolations from experimental data, we should keep in mind the results that were reported in 1952 from Mr. Butler's fertilizer experiments with Gros Michel in Honduras. Average annual production figures based on three-year data from plots in Mopala and Guaruma I Farms, which received 192 lbs. of nitrogen per acre annually were as follows:

	Mopala	Guaruma I
Stems shot per acre/year	544	507
Stems shipped per acre/year	340	261
Mean bunch weight	102.09 lbs.	82.25 lbs.
Total weight shipped per acre/year	17.34 tons	10.75 tons

For comparison, listed below are five-year Division average annual production figures for 1953 through 1957 for Armuelles, Golfito and Honduras Divisions.

This period has been selected because Bordeaux was still in use and nitrogen fertilization rates were comparable to those in Mr. Butler's experimental plots.

	Avg. Stems/acre Company	Avg. wt./stem sold U.S.& Canada	Avg. Tons/acre
Armuelles	202	88.0	11.09
Golfito	214	82.5	8.83
Honduras	213	81.9	8.72

Thus we see that in only one Division were the experimental production levels from Guaruma actually achieved, and in none of these Divisions during this period were the experimental results from Mopala Farm approached.

Even in 1961 and 1962, when Dithane M-22 was being used and nitrogen fertilization rates were higher, production figures for these Divisions were as follows:

	Avg. Stems/acre Company		Avg. wt./stem sold U.S. & Canada		Avg. Tons/acre	
	1961	1962	1961	1962	1961	1962
Armuelles	201	194	82	92	11.62	8.62
Golfito	201	230	83	83	8.34	9.55
Honduras	203	222	81	85	11.46	9.[illegible]

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VAI
Fox

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With these factors in mind I believe that we should make our production estimates for Valery on a very conservative basis. My forecast for a 30,000 acre Valery Division would be somewhere in the range of 16 to 19 tons of fruit per acre/year for ratoon crops, assuming that adequate propping and guying will be practiced and that no serious new problems arise with this banana variety. In this connection, I would like to stress the importance of our being constantly on the alert for a Johnston fruit spot problem with heavy populations of Valery. I am sure all will agree that it is best to keep these estimates on the conservative side until we have some conclusive production data from actual commercial Valery plantings.

W. T. van Diepen

Attach.
cc: Mr. T. E. Sunderland - w/attach.
Mr. J. M. Fox - w/attach.
Mr. A. E. Carpenter - w/attach.
Mr. R. A. Holcombe - w/attach
Dr. W. G. C. Forsyth

DX 319

Summary of Production and [illegible] from Planting in Jan. 1957 [illegible] Only Yields are Important (8.5 acres)

Period	Lbs. N. Per Acre Per Year	Stems Shot	Stems Lopped	Total Cutting Weight Lbs.	Mean Cutting Weight Lbs.	Stems Hanging at End of Period b/	Stems Lost Total	Stems Lost No. of Shot	Crops Shot	Crops Lopped
June 1957 - May 1958	0	394	276	9.80	65.5	102				
	200	434	288	9.74	67.6	146	3		0.00	0.58
	400	470	309	10.58	68.3	151	0		0.00	0.60
							10		0.97	0.64
June 1958 - May 1959	0	753	534	19.39	72.8	236				
	200	815	672	26.24	78.1	237	45			
	400	865	756	30.54	80.8	216	52		1.56	1.01
							44		1.63	1.30
June 1959 - May 1960	0	656	669	23.62	85.6	199			1.79	1.57
	200	804	691	31.24	89.3	184	54			
	400	696	642	28.91	90.1	200	65		1.36	1.30
June 1960 - May 1961	0	667	602	31.93	95.4	141	64		1.37	1.34
	200	753	678	34.12	91.5	162			1.44	1.33
	400	789	761	38.53	101.3	184	23			
June 1961 - May 1962	0	693	622	26.33	84.7	162	35		1.33	1.37
	200	718	682	30.42	94.8	168	30		1.53	1.48
	400	774	697	29.77	93.1	224			1.54	1.53
Total	0	3153	2815	117.07	83.2	162	50			
	200	3369	2979	131.46	84.3	184	50		1.43	1.29
	400	3534	3075	138.39	90.0	224	67		1.40	1.33
							175		1.65	1.28
							202		6.53	5.84
							233		6.93	6.17
									7.31	6.93

a/ Planted 2.5 x 9.5 spacing = 483 plants per acre.
b/ Crops for the first year and total number of stems handled at the beginning of the year + number of stems shot during the year - number of stems lopped during the year - number of stems lost during the year = number of stems hanging at end of the year.

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COMMUNICATIONS BUREAU

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Copy of Message Received

NOLA 101

BOSTON MARCH 25 1963

432 PM

BARRIOS 25 1331

MILLER

MARTIAL LAW DECLARED TODAY NOON.

DELAWDER

MR. SUNDERLAND (2)
MR. FOX
MR. MILLER (3)
MR. MARQUETTE
MR. FOLSOM(2)
MR. A.E. CARPENTER
MR. REAGAN (2)
MR. MC CONKEY(2)
MR. TILLEY
MR. CHAPMAN
MR. HANSIS

DEFENDANT'S

JAN 30 1974

DX323

UNITED FRUIT COMPANY

GENERAL OFFICES. 30 ST. JAMES AVENUE
BOSTON 16, MASSACHUSETTS

REC'D BY
APR 16 1963
J. M. FOX

W. T. VAN DIEPEN
VICE PRESIDENT-RESEARCH

TELEPHONE
HUBBARD 2-0700

April 10, 1963

Mr. Thomas E. Sunderland
President, United Fruit Company

Dear Mr. Sunderland:

I am pleased to submit herewith the 1962 Summary Annual Report on Department of Research activities and accomplishments.

I believe the most important single item in this report appears in the first paragraph of the Research Extension section, which I repeat here for emphasis:

> "Sigatoka control is now the best in the Company's history primarily as a result of the aerial spray program with low-volume Maneb emulsions now used throughout tropical Divisions. The continued decrease in tropical production costs during 1962 is largely attributed to the increased fruit weights, improved fruit quality, and savings in Sigatoka control costs which have resulted from this disease control method."

Probably the most significant overall feature of this report is the clearcut demonstration it provides of the continued and increasingly effective cooperation between Research and all other Departments. In the final analysis this cooperation is the real key to the effectiveness of our Company's research achievements and is the reason for more and more emphasis being placed on Research Extension activities. The ultimate accomplishments of the laboratory and of the test plot are only valuable if successfully introduced into commercial practice.

Copies of the complete 1962 Research Annual Report will be available, on request, from my office for distribution to all who are interested in reading a more detailed account of our investigations.

Comments on this report and suggestions for its improvement will be greatly appreciated.

Sincerely yours,

W. T. Van Diepen

cc: Mr. J. M. Fox
Mr. R. W. Berry
Mr. A. E. Carpenter
Mr. V. C. Folsom
Mr. J. B. Harris
Mr. W. G. Cooper
Mr. J. N. Frank
Mr. W. J. Hoelle
Mr. R. A. Holcombe
Mr. J. A. Marquette
Mr. D. D. McConkey
Mr. R. O. Miller
Mr. J. H. Roddy
Department Heads
Division Managers

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by decks. Ripes and turnings at discharge were as follows:

Percentage of Ripe and Turning Fruit at Discharge at U.S. Port

Test Shipment No.	Vented Fiberboards	Non-vented Fiberboards	Wirebounds
1	2.8	-	1.6
2	0.6	-	0.1
3	0.5	2.9	1.0
4	8.3	8.4	-
5	4.9	7.3[1]	-
6	4.3	2.3[2]	-

1 - Non-vented boxes carried at 52°F. throughout voyage.

2 - Non-vented boxes, carried at 48° F. for 36 hours, 50°F. for 36 hours, and 52°F. for rest of voyage showed 44% underpeel discoloration at discharge.

In test shipments 1 and 2, ripes and turnings were significantly lower in wirebounds than in vented fiberboards. In test shipment 3, ripes and turnings were significantly higher in non-vented fiberboards than in the other box types; however, there was no significant difference between wirebounds and vented fiberboards. In test shipments 4 and 6, differences in ripes and turnings were not statistically significant, while in test shipment 5, they were lower in the vented fiberboards.

As a result of the above findings, it was decided to carry commercial non-vented boxed fruit cargoes at 50°F. (Gros Michel and Cocos) or 53°F. (Variety) for 24 hours, followed by 52°F. (Gros Michel and Cocos) or 55°F. (Variety) for the rest of the voyage.

Repeated tests have indicated that better control of banana ripening can be achieved with vented boxes than with non-vented boxes. Ripe fruit held in non-vented containers, even at 65°F., is more apt to develop soft pulps and weak necks than fruit in vented containers.

A newly designed vented fiberboard container was thoroughly tested during 1962, and proved significantly superior to the UF-1 (OM-3) container. This new container, designated UF-3, solved two major problems associated with a vented box. Bottom sag was substantially reduced by the use of a divider which forms a double bottom -- and for half of each compartment, a triple bottom. This innovation also prevented fingers from being bruised by skate rollers or from being decapitated by the divider. In addition, the use of holes instead of a slot for bottom ventilation effectively reduced fruit injury which had resulted from fingers protruding through the vent slot. Since then, Boxing Operations Department has made further improvements in this container by a modification in the divider which has also reduced cost. This improved UF-3 container is identified as the UF-10.

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Red Rust Thrips. Bagging continues to give excellent control of red rust thrips, except in the Almirante Division. Bags dusted with Sevin have given reasonably good control of red rust in Almirante. Sooty mold is, however, more pronounced on bagged fruit, especially during the wet season.

Banana Root Borers were found for the first time in Grenada Company plantings in July 1962. To date they have been found only on farms with undertree irrigation and not in surface flood-irrigated farms.

Since this borer has acquired resistance to Dieldrin in some areas in Panama and Costa Rica, alternate control methods are being sought. Various phosphorus-containing insecticides have not proved successful. Kepone is now the most promising candidate and is under exhaustive trial in Almirante. This material does not have FDA clearance as yet for use on bananas, so its experimental application must be restricted to areas from which fruit will not be harvested for sale.

A new approach to root borer control is being studied involving the isolation of those volatile materials from banana rhizomes which attract this insect. This may lead to the introduction of a new control system involving use of poisoned baits incorporating volatile attractants.

Peel-feeding Caterpillars. Platynota can be controlled by the use of Sevin-dusted bags, and this has become a standard procedure. DDT also gives excellent control, but cannot be recommended pending FDA clearance and establishment of a tolerance which are being sought for its use on bananas.

Flower Thrips. In some areas of the Grenada Company plantings, the flower thrips have developed resistance to Dieldrin. No satisfactory substitute insecticide has been found to date. It is believed, however, that the problem will decrease with the change to the Central American pruning system in this Division.

CROP PRODUCTION

Valery. Experimental Valery plots in Mopala Farm, Honduras, have yielded a total of 138 tons of stem fruit per acre in five years since planting, i.e. slightly more than 27 tons per acre per year. Population in these plots is 483 mother plants per acre. Comparable yields have been obtained from similar Valery test plots in Guaruma III Farm, Honduras, with 360 mother plants per acre. A total of 75 tons of stem fruit per acre have been harvested from these plots in three years since planting, i.e. 25 tons per acre per year.

These high yields result from the fact that Valery is a Fusarium wilt resistant, low-growing banana variety which gives a faster crop turnover. In considering this data for extrapolation to actual commercial plantings, however, the following points should be remembered:

1) Experimental plantings were 100 per cent guyed.

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2) Close attention to all cultural details was possible because of the limited acreage involved.

3) Valery is not completely blowdown resistant - i.e. it can still be blown down if winds are of sufficient intensity.

4) With the exception of Fusarium wilt, it is still susceptible to the same diseases and insects as Gros Michel. New problems may appear with its expansion to commercial acreages -- problems which may not have had an opportunity to express themselves fully under test plot conditions.

With these factors in mind, commercial production estimates for Valery should be as conservative as possible. On this basis, it is currently estimated that a 30,000 acre Valery Division would yield annually somewhere in the range of 16 to 19 tons of stem fruit per acre for ratoon crops, assuming that adequate propping and guying will be practiced and no serious new problems arise.

Nitrogen-Production-Division Experiments. Nitrogen fertilizer trials in different Divisions continue to show increased production with increased fertilizer application rates up to 1 to 1 1/2 lbs. of nitrogen per mat per year.

BANANA BREEDING

Outstanding progress was made in the banana breeding program during the year. Promising hybrids have resulted from crosses between Cocos and a Fusarium wilt resistant wild banana known as Lidi. One of these, identified as SH-15, is illustrated in Figure 4. In general appearance SH-15 approaches commercial requirements, but extensive testing and observation will be required to evaluate thoroughly its quality and disease resistance features.

The task of classifying and evaluating the banana variety collection is well under way and should be completed in 1963. At present the collection consists of some 750 accessions which have been sorted into 20 wild species and 41 natural groups of cultivars. Eight of these groups consist of diploid cultivars of good bunch form and are of immediate importance to the breeding program.

As an aid to the program, a seedling test for Fusarium wilt resistance has been developed. In field trials only 6 per cent of banana seedlings screened by this method subsequently died of Fusarium wilt as against losses of 46 per cent among unscreened seedlings.

°1135A

° File Annual Meeting April 1963 7-1.5

MEMORANDUM

April 11,1963

Mr. T. E. Sunderland:

Cost of Panama Disease

Since the United Fruit Company was formed it has abandoned more than 925,000 acres of Gros Michel banana cultivations - mostly due to the ravages of Panama disease. This is an average of about 15,000 acres per year. (For your information, the Agriculture Department estimates that 75 to 80% of the abandonments were caused by Panama disease).

Over the years, it has been necessary to find new areas to replace Panama disease abandonments. Sometimes the new areas were completely new divisions and at other times virgin acreage in existing divisions. Present-day planting costs to replace the average acres being abandoned each year at the present time - using an average of the cost of new divisions and new areas in existing divisions - would amount to over $22,500,000 per year. (For your information this was arrived at as follows;- 15,000 acres at $1500 per acre equals $22,500,000. $1500 is an arbitrary figure being part way between the cost of planting virgin acreage in existing divisions of $1000 per acre and the cost of establishing completely new divisions at an average cost of $2500 per acre. If it was to be assumed that exactly 50% would be planted in entirely new divisions the $22,500,000 figure would be increased to $26,000,000).

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With the advent of Valery bananas - which are resistant to Panama disease - acreage previously abandoned can now be planted to this variety of bananas. In most cases, such areas have existing facilities such as drainage and irrigation canals, railroads, roads, buildings, and things of this nature. As a result, the planting cost will be a small percentage of the cost of planting in virgin areas and the life expectancy of the cultivations will be over double that of Gros Michel bananas. The total annual cost of replanting should be about $2,300,000 per year as compared with the Gros Michel cost of over $22,500,000 per year. (For your information, this was arrived at as follows; 7500 acres at $300 per acre equals $2,250,000).

A. E. Carpenter

DX 329

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REC'D BY

MEMORANDUM

1157A

MAY 9 1963

J. M. FOX

May 9, 1963

Mr. R. O. Miller:

Subject: Honduras Valery Planting Program

In connection with present plans for the development of Honduras as a 30,000 acre Valery Division, I would like to mention briefly certain points and facts that need to be kept in mind.

1. The chief objective is to produce top quality, blemish-free fruit. This is particularly important for the Company's brand identification program.
   a. Valery is more susceptible to handling injuries. We know that the monorail system for carrying fruit from farm to boxing station will reduce handling injuries. Installation of these systems is a must.
   b. To reduce insect blemishes and leaf scar, fruit should be bagged in season. Research is developing a schedule for ratoon and plantilla fruit.
   c. Valery is more susceptible to chilling injury. Use of special bags designed and tested this past year by Research will help to reduce this problem.

2. Valery should be planted only on first-class soils.

3. A conscientious fertilizer program is essential using one pound of nitrogen per mat per year applied quarterly (January through October). Fertilizer rates should be expressed on a mat rather than an acreage basis.

4. Clean seed and clean soil are absolutely essential in combatting the nematode problem. Heat treatment of Valery seed must be continued with same care and attention as has been done to date.

5. Valery is as susceptible to Moko as Gros Michel. Strict enforcement of current Moko sanitation and control procedures is equally essential for Valery.

6. Current boxing stations in Honduras are outmoded and will require redesigning.

7. The main theme must be low-cost production. Research is investigating the following possible approaches to further reductions in production costs.
   a. Anhydrous ammonia is being re-investigated because of its low cost (one-half that of urea in terms of nitrogen) and apparently greater longevity in soil. Application costs

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must be reduced and the possibility of a self-propelled, mechanical applicator is being studied.
b. Application of urea through undertree and overhead irrigation systems is also being studied for potential cost savings.
c. Use of herbicides for weed control is under trial.
d. Continuing Valery population and fertilizer studies to achieve maximum production per acre of quality fruit.

W. T. van Diepen

cc: Mr. J. M. Fox
Mr. R. A. Holcombe
Mr. M. H. Bostick
Dr. W. G. C. Forsyth
Mr. J. G. Owen

DX330

Retype DX 333(2nd page of exhibit)

CONSENT DECREE

MEMORANDUM: MEETING IN MIAMI, FLORIDA - MAY 6-7, 1963

1139A

At the request of West Indies Fruit Company, Miami, Florida, we met at the Miami International Hotel on the above dates. Present were:

Mr. Lou Grossman
Mr. Sam Gordon
Mr. Sidney Lefcourt (C.P.A.)

United Fruit Co.

Mr. J.M. Fox
Mr. E.O. Beckstrom
Mr. J.H. Roddy

The purpose of this meeting was to discuss the interest of West Indies Fruit Co. in acquiring assets of United Fruit Company, either by outright purchase or by transfer of a partial interest in the "New Company" by an investment of not less than $1,000,000. as specified by the Consent Decree.

Mr. Fox, due to a change in his plans, was able to be present for approximately two hours at this meeting. During his presence, he outlined in broad general terms the thoughts we have regarding compliance with the Decree. Mr. Fox stated that the best manner of compliance would be an outright sale of tropical assets, which would meet with the approval of the Court, necessary to form the "New Company" of 9,000,000 stem capacity, to an existing banana importing company with a record of success in operating their business. Lacki interest in this direction, the next possible move would be to find an eligibl person who could comply with the directives of the Consent Decree and who woul be willing to invest the required $1,000,000, with distribution of the remaining interest in "New Company" to United Fruit Co. stockholders. Mr. Fox also stated that a possibility existed of interesting two or more eligible persons in acquiring assets of United Fruit Co. by outright purchase, sufficient to comply with the Decree, provided the Court would be willing to modify the Decr to this extent.

After Mr. Fox's departure, Mr. Beckstrom and I furnished copies of a prospectus we had drawn up covering the assets of the three divisions under discussion - Tiquisate, Bananera and Bocas. A general discussion followed on the following:

Fixed Assets - (Brief description summary with corresponding book values - copies left with them)
Acreage - Present and proposed planting by years (1963-1971)
Production - Present and anticipated (1963-1972)

Confidential. Prepared at the request of counsel for use in connection with compliance with the judgment entered in the United States District Court for the Eastern District of Louisiana - United States of America v. United Fruit Company

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DX 333

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Development costs - briefly
Production costs - briefly
Implementation - to comply with Consent Decree, requirements
Tiquisate - land available for Cocos - fewer blowdown losses if Cocos or Valery planted.

We did not furnish any written data covering production or operating costs. However, these topics were discussed. Mr. Sidney Lefcourt seemed primarily interested in the Profit & Loss records for these divisions - we did not have these figures with us. We informed Mr. Lefcourt that any figures we might produce to cover the immediate past or current operation of these divisions would not be statistically significant, due to the fact that our plans are now in operation to develop two of these divisions (Bocas and Bananera) into economically significant producing areas with Variety bananas.

According to these three gentlemen, they would only be interested in acquiring management of the "New Company" by investing the specified $1,000,000. and providing that management control could be assured. They are not interested in acquiring complete ownership of the "New Company" by outright purchase of the 9,000,000 stem potential.

The figure of approximately $27,000,000. representing investment involved was not taken seriously - they are convinced that our company would settle for much less. However, we have a feeling that the amount they might have in mind is far less than anything we could consider, in the event that they might reconsider their position relative to outright purchase.

The marketing of 9,000,000 stems does not seem to bother them: they feel quite competent in this field. In tropical operations, however, they are completely without experience and they would look to us to supply trained personnel. Mention was made by West Indies that an arrangement might be made whereby we would continue as producers and they would purchase our output.

Assuming that they have a real interest in this venture, the real problem seems to be how they can swing such a deal with an investment of around $1,000,000. (excluding working capital) and maintain control.

This group plans to meet with Mr. Fox in Miami in about two weeks. If they are still interested, it was generally agreed that the next move would be an inspection of these properties and tropical operations.

Tiquisate - Mr. Fox spoke about trailer-piggy back experiment scheduled to start in June 1963 (Eric Rath) mentioning what seems to be at this time a new and profitable method of banana distribution. These trailer shipments will move from our farms via Mexican railways to U.S. markets (piggy-back).

European markets seem to be of interest to these people - in the event they should acquire control of the "new company."

Confidential. Prepared at the request of counsel for use in connection with compliance with the judgment entered in the United States District Court for the Eastern District of Louisiana - United States of America v. United Fruit Company, C.A. No. 4560.

DX 333

MEMORANDUM

1141A

June 20, 1963

Mr. T. E. Sunderland:

The following is an attempt to look into the future, the late 1960's, as regards sources of banana production and costs after complying with the Consent Decree and reducing production centers to the most economical basis:

Producing Divisions	Acres	Annual Production in Stems
Honduras	30,000	12,000,000
Bocas	16,250	6,500,000
Golfito or Armuelles	30,000	12,000,000
Turbo	48,250	14,500,000
Totals	124,500	45,000,000

The foregoing is based on the assumption that all the divisions except Turbo will be converted to Valery bananas.

The following present sources of supply will either cease to exist or will no longer be required:

Guatemala - East and West
Nicaragua
Ecuador
Colombia - Santa Marta
Santo Domingo
Golfito or Armuelles (Consent Decree)

It is estimated that the U. S. and Canadian markets will require 22,500,000 stems of boxed fruit or 36,000,000 boxes after compliance with the Consent Decree. The average F.O.B. Tropical Port cost of this fruit is estimated at $3.33 per 100 lbs. or $1.40 per box, which results in average landed cost, including selling and headquarters expense, of $6.07 per 100 lbs. or $2.55 per box.

It is estimated that the European market will require 22,500,000 stems with an undetermined amount of the fruit to be boxed. The estimated average costs, F.O.B. Tropical Ports, are $2.93 per 100 lbs. for fruit in stem form and $4.93 per 100 lbs. ($2.07 per box) for boxed fruit. It is assumed that Turbo will be the major source of European fruit and, due to the participation feature of the fruit purchasing arrangements, the fruit cost will be affected by the selling price.

The Capital expenditures required to develop Turbo and convert three divisions to Valerys will be in the neighborhood of $50,000,000.

R. O. Miller

R. O. Miller

DEFENDANTS

152

JAN 30 1974

DX 334

1142A

710...

MEMORANDUM

010 Organization - Guatemala

August 6, 1963

Mr. T. E. Sunderland:

Re: Future - Tiquisate Division

Shortly after the meeting held in early July with Tropical and Headquarters personnel to discuss the future of the Guatemala Divisions, you requested that I write you a memorandum documenting the past history and future expectations of the Tiquisate Division in Guatemala and the reasons for recommending that it be phased out of the banana business as quickly as is economically possible. I believe it was your intention that this data be furnished the Directors at the September meeting when they will be asked for approval of the elimination of the Division.

Attached is a memorandum outlining the history and future of the Division. Additional copies are available if you require them.

A. E. Carpenter

Attachment

CC Mr. J. M. Fox - with copy attachment
Mr. R. O. Miller - " " "

DEFENDANT'S

JAN 30 1974 DX 341

1143A

MEMORANDUM

August 5, 1963

At a meeting early in July of Management personnel of the Guatemala Divisions and that of the General Manager's office from Armuelles, Panama, with Headquarters Management personnel, it was the joint opinion that the Tiquisate Division should be phased out as quickly as is economically possible. There have been substantial losses for the past three years and it is estimated that losses for the year 1963, before taxes, will amount to about $1.5 million. Cash losses for 1960, 1961 and 1962 were $1,382,000, $398,000 and $598,000, respectively, and the cash loss for 1963 is estimated to be $840,000. The outlook for the future is very bleak and the possibility of a break-even is extremely dim.

During the life of the Tiquisate Division, there were many very profitable years and the principal reason for the transition of this Division from profitable operations to substantial loss operations is a reduction in the quality and the quantity of the fruit. The causes were -

1. The winds, which became more or less constant when the surrounding woodlands were cut down, whip the leaves of the plants resulting in inferior quality fruit even when the winds are not sufficient to blow the plants down.

2. The heavy floods in 1949 which damaged cultivations and speeded the spread of Panama Disease.

3. The deterioration of railroad service by International Railways of Central America. In the early years of production from this Division, the railroad was operated very efficiently and fruit was delivered fast enough to be stowed aboard ship at Barrios within 24 hours from the time it was cut. As a result of labor conditions, the railroad service deteriorated to the point where it now usually takes in excess of 48 hours from the time of cutting the fruit to stowage aboard ship at Barrios.

4. The suspension of work for six months by the Union, starting in the fall of 1951. This suspension of work followed a severe windstorm and as a result of the combination of the suspension of work and the windstorm, the cultivations received lasting damage.

5. Although farm labor costs per day in Tiquisate are lower than in either Armuelles or Golfito (Tiquisate $3.51, Armuelles $4.34, Golfito $3.85) the quality of the labor in Tiquisate is so poor that the labor costs for all operations are in excess of those of the other Divisions.

6. Although Tiquisate has always been a rather high cost Division, it did make money when sales prices were high, but with deterioration of prices beginning in the late 1950s, Tiquisate's profit margins disappeared.

It is our understanding that while a West Coast port might reduce costs, through lower railroad transportation expense and less bruising of the fruit because of the shorter haul, the quality of the fruit will always be poor because of the winds.

DX 341

Attached is a comparison of various factors related to the Tiquisate Division with those of the Armuelles Division. Comments on the various comparisons are as follows:

1. Average Acres in Bearing - It will be noted that the peak acres in bearing at Tiquisate in 1949 of 23,583 were reduced to 14,289 acres at the close of 1962 and will again be reduced about 1000 acres due to abandonments during 1963. The reduced acreage and resulting production reduction results in higher overhead costs per unit.

2. Pounds Per Acre Shipped - In 1947 and 1948, the production was 20,000 pounds per acre per year but due to continuing high winds resulting in poor cultivations, the production in 1962 was only slightly over 9000 pounds per acre. Contrasted with this, the Armuelles Division continues to average over 20,000 pounds per acre.

3. Sales Prices Per 100 Pounds United States & Canada - The reduction in quality due to wind and damage from the railroad haul of the fruit is readily seen by comparing the receipts in similar markets with the fruit from Armuelles. For purposes of comparison, shipments of fruit from Armuelles to West Coast ports have been omitted in this comparison.

4. Profits - Before Taxes - The most profitable years for the Tiquisate Division were 1946 through 1950. Since that time, there has been a constant reduction as will be seen from the attached schedule. Even with periodic blowdowns, the Armuelles Division has continued to be most profitable.

5. Tropical Costs Per 100 Pounds Shipped - A comparison of various elements of production costs with those of the Armuelles Division is also shown on the attached schedule. Although the cost of Armuelles fruit has increased over the years, the increases have not been nearly as great as those of the Tiquisate Division. Most of the increases at Tiquisate are due, as previously stated, to reduced quantity of fruit. Another big factor resulting in increased costs was railroad transportation, due to the increase in rates by the IRCA resulting from the loss of the IRCA lawsuit.

The F.O.B. cost of Tiquisate boxed fruit for the year 1962 was $6.86 and is estimated at $6.30 for 1963. Compared to this, it is estimated that F.O.B. costs in Honduras, when this Division is converted to Valery fruit, and in Bocas, when the presently authorized Valery acreage is added to the existing Lacatan acreage, will be as follows:

	1966		1970	
	Average Acres	Cost per 100 lbs. Boxed Basis	Average Acres	Cost Per 100 lbs. Boxed Basis
Honduras	20,625	$4.33	30,000	$4.12
Bocas	12,397	$3.98	12,254	$3.93

DX 341

1145A-3-

We are informed by Research that where Gros Michel cultivations will be flattened by 30-miles-per-hour winds, losses of Valery fruit would not be large with such winds. However, with winds of from 35-to-45 miles-per hour, losses of Valery and Cocos bananas would be extensive.

A. E. Carpenter

Attachment

DX 341

COMPARISON OF VARIOUS FACTORS RELATED TO TIQUISATE WITH THOSE OF ARMUELLES

YEARS	Average Acres in Bearing-Company		Pounds Per Acre Shipped-Company		Sales Prices Per 100 Lbs.-Stem Fruit United States and Canada (Exclusive of West Coast)			Consolidated Profit (Loss) Before Taxes (Thousands)	
	Tiquisate	Armuelles	Tiquisate	Armuelles	Tiquisate	Armuelles	Difference In Favor Of Armuelles	Tiquisate	Armuelles
1946	17,225	19,360	13,100	17,900	$4.64	$4.74	$ .10	$ 3,867	$ 8,262
1947	19,254	20,818	20,000	13,200	5.69	5.52	(.17)	11,993	6,648
1948	22,760	22,432	20,600	18,700	6.21	6.31	.10	14,191	12,394
1949	23,583	24,462	9,800	19,700	6.89	7.07	.18	3,378	17,916
1950	23,152	24,736	15,000	19,200	7.02	7.34	.32	10,278	18,914
1955	16,181	25,421	13,200	23,700	7.03	7.62	.59	2,831	24,011
1960	18,660	28,708	17,500	21,700	4.70	5.79	1.09	(2,393)	11,272
1961	16,557	23,930	14,300	22,400	4.50	5.85	1.35	(1,420)	7,431
1962	14,289	24,660	9,200	17,500	4.92	6.11	1.19	(1,390)	4,816

TROPICAL COST PER 100 LBS. SHIPPED-STEM FRUIT

	Farm Maintenance and Disease Control			Railroad Transportation			General Expense		
	Tiquisate	Armuelles	Difference In Favor Of Armuelles	Tiquisate	Armuelles	Difference In Favor Of Armuelles	Tiquisate	Armuelles	Difference In Favor Of Armuelles
1946	$1.01	$ .62	$ .39	$ .37	$ .11	$ .26	$ .35	$ .19	$ .16
1947	.79	1.21	(.42)	.35	.18	.17	.29	.34	(.05)
1948	.85	.89	(.04)	.43	.15	.28	.32	.29	.03
1949	1.85	.81	1.04	.49	.15	.34	.70	.28	.42
1950	1.14	.81	.33	.45	.15	.30	.41	.24	.17
1955	1.69	.94	.75	.49	.13	.36	.57	.21	.36
1960	1.56	1.02	.54	.87	.16	.71	.42	.27	.15
1961	1.33	1.12	.21	.83	.17	.66	.38	.29	.09
1962	2.13	1.43	.70	.84	.20	.64	.54	.33	.21

	Depreciation and Property Losses			Other Expenses			Total Tropical Cost		
	Tiquisate	Armuelles	Difference In Favor Of Armuelles	Tiquisate	Armuelles	Difference In Favor Of Armuelles	Tiquisate	Armuelles	Difference In Favor Of Armuelles
1946	$ .24	$ .13	$ .11	$ .56	$ .25	$ .31	$2.53	$1.30	$1.23
1947	.23	.18	.05	.45	.33	.12	2.11	2.24	(.13)
1948	.23	.12	.11	.50	.32	.18	2.33	1.77	.56
1949	.49	.15	.34	.97	.33	.64	4.50	1.72	2.78
1950	.35	.17	.18	.90	.35	.55	3.25	1.72	1.53
1955	.41	.18	.23	1.13	.29	.84	4.29	1.75	2.54
1960	.28	.22	.06	.77	.43	.34	3.90	2.10	1.80
1961	.38	.23	.15	.78	.45	.33	3.70	2.26	1.44
1962	.59	.29	.30	.73	.42	.31	4.83	2.67	2.16

1147A

August 21, 1963

To: Mr. A. E. Carpenter

Subject: Board of Directors Presentation of Five Year Banana Plan

At the September 23, 1963, Board meeting Mr. Sunderland intends to present to the Directors our current plan for the banana operations for the next five years. By phone today he requested that I ask you to assemble the figures for this presentation.

The data should be ready for review by Mr. Sunderland and myself on September 16. This will permit a week for the preparation of the visual presentation of the material that we decide is of interest to the Board.

The following projections will be needed:

A. Sales by month through 1968

1. U. S. & Canada
   a. Boxes
   b. Stems

B. Production by month through 1968

1. By tropical division
   a. Boxes
   b. Stems

C. Production Cost Estimates by year through 1968 (including 1963)

1. By tropical division
   a. Boxes - per box
   b. Stems - per 100 lbs.

D. Freight Cost Estimates by year through 1968

1. U. S. & Canada
   a. Average East Coast
      (1) Box - per box
      (2) Stem - per 100 lbs.
   b. Average West Coast
      (1) Box - per box
      (2) Stem - per 100 lbs.

1086

DX 344

Mr. A. E. Carpenter 1148-A 8/21/63

E. P & L performance for <u>past</u> 5 years of Tiquisate, Santa Marta, Dominican Republic and Bananera.

These assumptions can be made for the purpose of this presentation:

1. The effect of the Consent Decree spin-off can be ignored.

2. Tiquisate will phase out by the end of 1963.

3. Bananera will be cut down to a skeleton holding division as fast as possible, if possible also by the end of 1963.

4. Santa Marta and the Dominican Republic will be replaced by Turbo as the latter comes into production with Santa Marta first to go. No later than the end of 1965 we should be aiming at having our production limited to Turbo, Almirante, Honduras, Golfito and Armuelles with occasionally peak load requirements filled by Ecuador.

John M. Fox

cc: Mr. T. E. Sunderland

DX 344

1149A

CONSENT OF STOCKHOLDERS
OF
COMPANIA AGRICOLA DE GUATEMALA

Pursuant to Sections 228 and 271 of the General Corporation Law of the State of Delaware, the undersigned, being the holder of all of the voting stock issued and outstanding of Compania Agricola de Guatemala, hereby consents to and authorizes the sale, exchange, transfer or other disposition of any or all of the assets, whether real, personal or mixed, tangible or intangible, or of any other nature, of the Company, upon such terms and conditions and for such consideration as the Board of Directors of the Company deems expedient and for the best interests of the Company.

UNITED FRUIT COMPANY

Dated: September 23, 1963

By _____
President

DEFENDANT'S

JAN 30 1974

DX 346

Dx 352

FIVE YEAR PLAN - OBJECTIVES

1. SALES GROWTH - 3% PER YEAR = 1963 BASE YEAR.

2. CONCENTRATE PRODUCTION FOR LOWEST COST CONSISTENT WITH GEOGRAPHIC DISPERSAL.

3. PROTECT LANDS MOST VULNERABLE TO AGRARIAN REFORM (HONDURAS IN PARTICULAR).

4. MAKE PLANS FOR RAPID LOW COST EXPANSION IF SALES EXCEED 3% GROWTH RATE.

5. PHASE OUT DYING AND MARGINAL PROFIT DIVISIONS SOON AS ECONOMICALLY FEASIBLE.

Dx 352

11/504

FIVE YEAR PLAN - OBJECTIVES

6. ELIMINATE ECUADOR AS REGULAR SOURCE FOR U. S. & CANADA BY END OF 1965. MAINTAIN THIS SOURCE AS STANDBY IN THE EVENT OF SHORTAGE IN OUR PRODUCTION.

7. COMPLETE CONVERSION TO BOXES IN U. S. & CANADA BY EARLY 1964.

8. ASSUME U. S. & CANADA SELLING PRICES AT 1963 AVERAGE FOR FIVE YEAR PROGRAM.

Dx 352

Dx 352

A/15/A

DX 352

FIVE YEAR PLAN - OBJECTIVES

9. ASSUME EUROPEAN F.O.B. SELLING PRICES TO GRADUALLY IMPROVE OVER FIVE YEARS.

(PER 100 LBS.)

BOXED FRUIT 1963 – $6.15 TO 1968 – $6.71

STEM FRUIT 1963 – 3.87 TO 1968 – 4.46

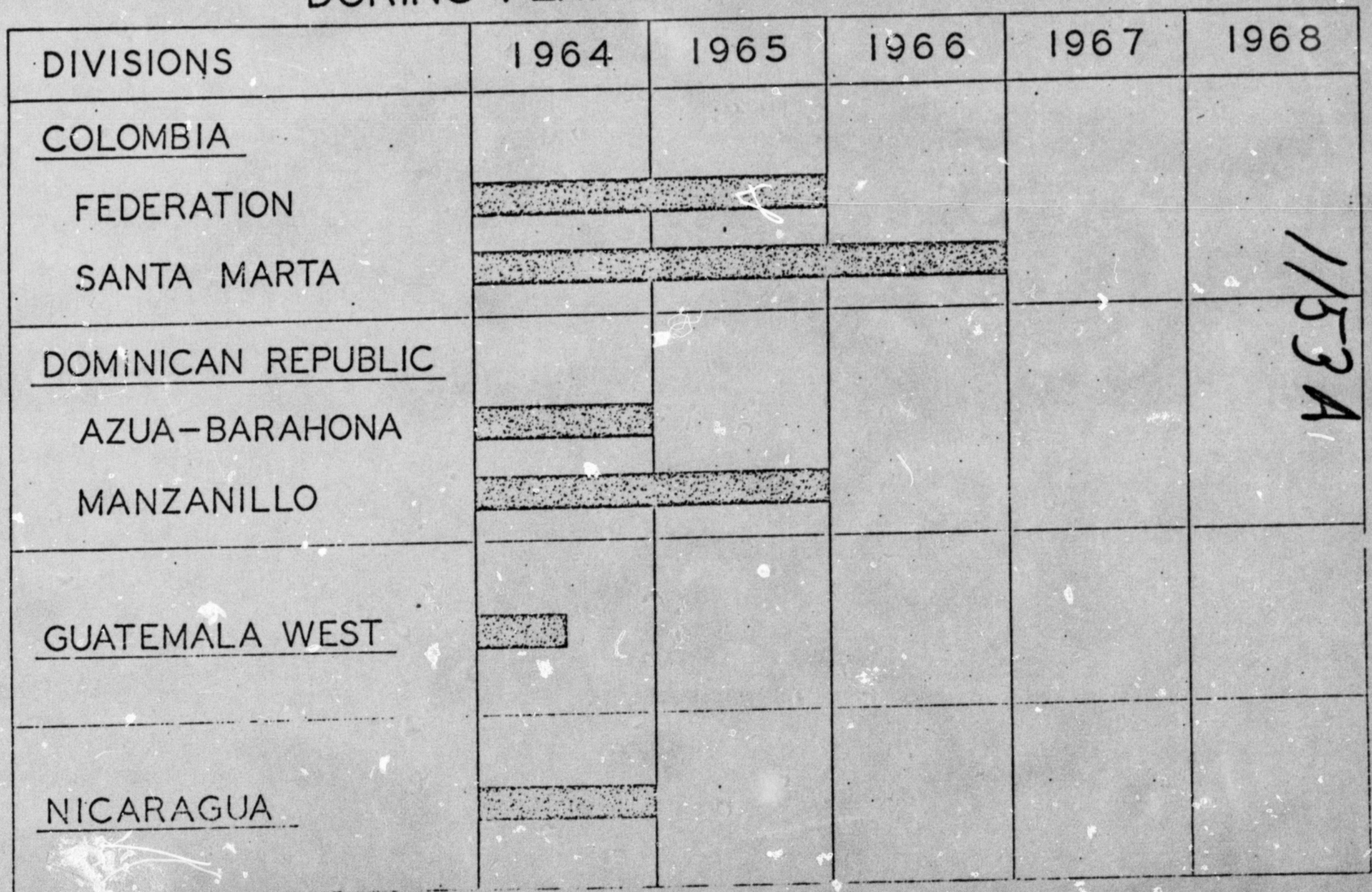
10. DEVELOP NATIONAL CHIQUITA BRAND FRANCHISE AS QUICKLY AS SUPPLIES OF BRANDED FIRST QUALITY FRUIT AVAILABLE.

11. HOLD ASSOCIATE PRODUCER PARTICIPATION IN ANY DIVISION TO NO GREATER THAN 33⅓% OF PRODUCTION.

DX 352

11524

TROPICAL BANANA DIVISIONS PHASED OUT DURING PERIOD 1964 THRU 1968



A511

Dx 352

TROPICAL BANANA SHIPMENTS
(MILLIONS OF POUNDS)

DIVISIONS	1963	1964	1965	1966	1967	1968
COLOMBIA-SM. & FED.	338	308	336	194	—	—
COLOMBIA – TURBO	—	32	155	305	414	447
COSTA RICA-GOLFITO	360	474	551	576	580	559
DOMINICAN REPUBLIC	261	233	131	—	—	—
ECUADOR	387	405	147	51	101	160
GUATEMALA EAST	147	136	129	110	93	75
GUATEMALA WEST	144	57	—	—	—	—
HONDURAS	365	374	495	708	726	727
NICARAGUA	33	32	—	—	—	—
PANAMA-ARMUELLES	450	493	609	615	661	691
PANAMA-BOCAS	132	150	223	300	370	375
TOTAL	2,617	2,694	2,776	2,859	2,945	3,034

DX 357-2

1154A

AVERAGE BANANA ACRES IN BEARING
(THOUSANDS)

DIVISIONS	1963	1964	1965	1966	1967	1968
COLOMBIA-S.M. & FED..	28.4	27.2	26.4	25.1	—	—
COLOMBIA-TURBO	—	2.1	10.5	20.2	28.8	36.2
COSTA RICA-GOLFITO	26.5	28.9	31.2	33.1	32.0	30.6
DOMINICAN REPUBLIC	14.8	11.7	10.2	—	—	—
GUATEMALA EAST	8.4	7.8	7.6	6.4	5.3	4.1
GUATEMALA WEST	13.8	12.5	—	—	—	—
HONDURAS	19.9	17.5	23.3	30.1	30.1	30.0
PANAMA-ARMUELLES	26.5	30.1	31.5	32.4	33.5	34.2
PANAMA-BOCAS	4.7	5.6	9.1	12.7	15.5	15.7
TOTAL	143.0	143.4	149.8	160.0	145.2	150.8

1554

Ox 352

BANANA COSTS DELIVERED U.S PORTS
ECUADOR VS. OTHER TROPICAL DIVISIONS
EXCLUDES SELLING & HEADQUARTERS EXPENSE (BOXED FRUIT–PER 100 LBS)

DIVISIONS	1963	1964	1965	1966	1967	1968
ECUADOR	$ 7.11	$ 7.57	$ 8.15	$ —	$ —	$ —
COMPANY	6.86	7.32	7.90	7.90	7.90	7.90
COMPETITORS						
COSTA RICA–GOLFITO	7.99	7.04	6.68	6.70	6.56	6.51
DOMINICAN REPUBLIC	7.99	—	—	—	—	—
GUATEMALA EAST	7.48	7.48	—	—	—	—
GUATEMALA WEST	8.50	—	—	—	—	—
HONDURAS	7.58	7.19	7.15	6.70	6.63	6.60
NICARAGUA	7.54	7.18	—	—	—	—
PANAMA–ARMUELLES	7.05	6.97	6.57	6.58	6.39	6.25
PANAMA – BOCAS	$ 7.48	$ 6.85	$ 6.23	$ 5.88	$ 5.74	$ 5.70

1356A

DX 352

BANANA BOOK PROFITS AFTER TAXES BY TROPICAL DIVISIONS

(THOUSANDS)

DIVISIONS	1963	1964	1965	1966	1967	1968
COLOMBIA-S.M. & FED.	$ (765)	$ (249)	$ (156)	$ (168)	$ —	$ —
COLOMBIA-TURBO	—	(99)	.737	2,230	2,962	2,872
COSTA RICA-GOLF.	981	1,170	2,627	2,731	3,236	3,302
DOMINICAN REP	(517)	23	(310)	—	—	—
ECUADOR	(919)	(64)	(401)	—	—	—
GUATEMALA EAST	20	(42)	83	6	(141)	24
GUATEMALA WEST	(925)	(63)	—	—	—	—
HONDURAS	(566)	611	961	3,895	4,443	4,875
NICARAGUA	(215)	4	—	—	—	—
PAN-ARMUELLES	3,272	1,463	3,332	3,386	4,367	5,132
PANAMA-BOCAS	(85)	428	1,464	2,561	3,483	3,625
TOTAL	$ 281	$ 3,182	$ 8,337	$14,641	$18,350	$19,830

DX 352

11574

BANANA CASH PROFITS AFTER TAXES BY TROPICAL DIVISIONS

(THOUSANDS)

DIVISIONS	1963	1964	1965	1966	1967	1968
COLOMBIA-S.M. & FED.	$ (411)	$ 95	$ 172	$ (28)	$ —	$ —
COLOMBIA-TURBO	—	100	1,044	2,571	3,409	3,583
COSTA RICA-GOLF.	4,040	4,043	5,435	5783	6,245	6,098
DOMINICAN REP	42[illegible]	907	382	—	—	—
ECUADOR	(17)	701	(115)	—	—	—
GUATEMALA EAST	1,342	1,425	1,311	1,218	1,022	624
GUATEMALA WEST	(284)	348	—	—	—	—
HONDURAS	653	2,621	4,096	7,552	8,350	8,857
NICARAGUA	(160)	66	—	—	—	—
PAN-ARMUELLES	5,607	4,395	6,605	6,583	7,503	8,090
PANAMA-BOCAS	1,442	1,945	3,133	4,281	5452	5,569
TOTAL	$12,634	$16,646	$22,063	$27,960	$31,981	$32,821

1584

DX 352

Retype of DX 362 (first page of exhibit)

Garcia *

1159A

* Fernandez

Guatemala, Guatemala
14 December 1953

Mr. T.A. Holcombe
Tiquisate.-

* Dear Mr. Holcombe:

Attached is copy of self-explanatory letter received from the Minister of Labor.

As I told you verbally, representatives of the Asociacion Guatemalteca de Productores de Algodón (AGUAPA) came to see me the other day offering to purchase all the Tiquisate lands and installations and to take over all our labor. They told me they had the financial backing of the Japanese, who are the largest buyers of Guatemala cotton, for this undertaking.

This group then went to see the Minister of Labor to make the same offer, and emphasized that they would solve the unemployment problem by taking over all displaced labor. See attached clipping.

During their visit I told them that practically all lands had been committed, and that we had to respect the options. They said that if we sold them the land they would respect the options. They added that they had about 80 members in the organization, and the land acquired would be distributed among them.

We have already advised the Minister (see my letter to him of 26 November) that we have committed practically all lands left and we could answer him now in the same manner.

If you are planning to come to the city next week, we could then draft a reply for your signature.

Very truly yours,

C.E. Pinto

cc: Mr. V.C. Folsom
Mr. R.O. Miller
Mr. R.A. Holcombe

DEFENDANT'S
MAR 11 1974
DX 362

* illegible

1160A

Retype of DX 366

COMMUNICATIONS BUREAU

Copy of Message Received TEX 849/8782

BOSTON 30 DEC 1963 856AM

ROTTERDAM 30TH

MR TILLEY

COMPLAINTS CONTINUE TO COME IN ON EXTREMELY POOR CONDITION OF GUATEMALA BUNCHES ARRIVING EUROPE ON ACCOUNT OF HEAVY BLACK SPOTS AND MARKINGS ALL OVER THE BUNCH STOP THIS IS SO BAD IN THE MATOUBA THAT 2200 STEMS FROM *-DECK NUMBER FOUR HOLD ARE BEING JETTISONED STOP IT WOULD SEEM THAT VOLCANIC ASH IS STILL THE CAUSE OF ALL THESE COMPLAINTS STOP GUATEMALA STEMFRUIT IS GIVING US GREAT CONCERN

INTERBANAN

* illegible

MR FOX
MR MILLER (3)
MR TILLEY
MR MARQUETTE
MR VANDIEPEN (3)
DR STIER
MR HUNTER (MAILED)

[Research Dept. Stamp "Dec 30 1963"

DEFENDANTS
FEB 4 - 1974
DX 366

1161A

COPY

ALMYR L. BUMP
18 Calle 14-41, Zona 13

Apartado Postal 1538
Guatemala, C. A.

December 23, 1963

Mr. T. A. Holcombe, Manager
Cía. Agrícola de Guatemala
Tiquisate, Guatemala.

Dear Mr. Holcombe:

This confirms my statement to you on Friday, December 20, that practically all Tiquisate lands given to me for sale have been committed. Although only a week had passed since the lands were released, I had been in conversation with prospective purchasers for a year or so and prompt results were therefore forthcoming when I approached them again.

Your subsequent advise that the management now wants to hold up sales places the Company as well as me, personally, in a most embarrassing situation. Even though no money has changed hands as an agent of the Company I made definite commitments to some important people, for example, Col. Ponciano who is the second man in the government hierarchy.

I sincerely hope that for the sake of all concerned the sales will be allowed to go through.

Very truly yours,

A. L. Bump.

ALB/arb.

280

Dx 372

Retype of DX 376(cover page, pps.26,27,29)
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PRELIMINARY PROSPECTUS DATED JANUARY 24, 1964 Orig.

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PROSPECTUS

TRANSPORTATION CORPORATION OF AMERICA

196,357 1/2 Shares

Class A Stock
(par value $0.10 per share)

Exchange Offer
to holders of Common Stock of
International Railways of Central America

Transportation Corporation of America ("Trans Corp") hereby offers shares of its Class A Stock in exchange for shares of Common Stock of International Railways of Central America ("IRCA") on a share for share basis. The offer may be accepted in the manner and is subject to the conditions set forth herein under EXCHANGE OFFER.

In the event Trans Corp has been irrevocably bound by this offer or in the event Trans Corp elects to accept shares deposited hereunder, Trans Corp will pay to selected securities brokerage and other firms who hold IRCA Common Stock beneficially owned by others (i) a fee of $0.10 for each such share deposited for exchange pursuant to the Exchange Offer, subject to a maximum fee of $250 for all shares deposited on behalf of any one beneficial owner, and (ii) reimbursement for reasonable out-of-pocket expenses incurred for mailing and other costs. Such fees and expenses in the aggregate are not expected to exceed $10,000.

In addition, Trans Corp may employ a limited number of persons or firms, including selected securities brokerage firms, as agents of Trans Corp to assist in the solicitation of exchanges pursuant to the Exchange Offer. The aggregate compensation to be paid to such persons or firms for their services in soliciting exchanges is not expected to exceed $5,000, including reasonable out-of-pocket expenses. The persons or firms so employed, if any, may be deemed "Underwriters" as that term is defined in the Securities Act of 1933, and Trans Corp will indemnify them against certain liabilities, including liabilities under the Act. The maximum expenses of the Exchange Offer are estimated to be $40,000, including the foregoing fees and expenses of the soliciting agents referred to herein.

The acceptance of a fee or compensation for depositing IRCA stock or soliciting exchanges by a firm or person will constitute a representation that such firm or person has not engaged in any activity prohibited by Rule 10b-6 promulgated under the Securities Exchange Act of 1934.

The Exchange Offer will expire at 5:00 P.M., E.S.T., on March 20, 1964, unless extended by Trans Corp.

On January 14, 1964, the closing price of Trans Corp Class A Stock on the American Stock Exchange was $8.00, and on the same date, the "asked" price of IRCA Common Stock on the New York Stock Exchange was $8.50.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is January , 1964.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

On October 25, 1962, Trans Corp acquired 242,600 shares of Common Stock of International Railways of Central America ("IRCA") from B.S.F. Company at an aggregate cost of $2,100,000. Of this amount, Trans Corp paid $1,250,000 in cash and $850,000 was represented by notes payable one-fifth each year with interest of 5% per annum on the unpaid balance. During the period July-December, 1962, Trans Corp or its wholly-owned subsidiary, Inter-American Railway and Industrial Systems, Incorporated, purchased an additional 61,042 1/2 shares of Common Stock of IRCA on the New York Stock Exchange. As a result, Trans Corp owned directly or indirectly, as of December 31, 1962, an aggregate of 303,642 1/2 shares of IRCA Common Stock, or approximately 60.7% of the total outstanding Common Stock and approximately 50.6% of the outstanding voting stock of IRCA. No other holder owns more than 10% of the outstanding Common Stock. The only voting stock of IRCA outstanding, other than the Common Stock, is an issue of 100,000 shares of 5% Cumulative Participating Preferred Stock. Such Preferred Stock is owned by approximately 600 stockholders of record. No Preferred Stock is owned by Trans Corp, its officers or directors. A director of IRCA, Mr. Louis Yaeger, is the only holder of more than 10% of the outstanding Preferred Stock. As of December 31, 1963 Mr. Yaeger owned 24,290 shares of Preferred Stock and 28,000 shares of Common Stock. As of December 31, 1963, the Preferred Stock had a dividend arrearage of $74.75 per share, or a total of $7,475,000 on the 100,000 shares of Preferred Stock outstanding.

On December 21, 1962, Trans Corp borrowed $1,000,000 from the Franklin National Bank in connection with its acquisition of IRCA Common Stock. The loan is payable in twelve quarter-annual installments, plus interest upon the unpaid principal. As collateral for the loan, Trans Corp pledged 242,600 shares of the Common Stock of IRCA and 50,000 shares of Class A Common Stock of D.C. Transit (Delaware).

Business

IRCA was incorporated on June 8, 1904, under the laws of the State of New Jersey. It maintains offices in Guatemala City, Guatemala, in San Salvador, El Salvador, and a general and administrative office at 15 Exchange Place, Jersey City, New Jersey.

IRCA has qualified as a Western Hemisphere Trading Corporation under the Internal Revenue Code. The effect of such qualification is that IRCA's maximum effective United States federal income tax rate is approximately 38% rather than 52%. Under its concession agreements with Guatemala and El Salvador, IRCA is exempt from customs duties and all other taxes (except social security taxes) in both countries, in the opinion of independent local counsel. However, IRCA has voluntarily agreed and paid income taxes at the rate of 30% on Guatemalan income to that government. In 1957, the last fiscal year in which such taxes were paid, the taxes totaled $132,797. It is the present intention of management to pay Guatemalan income taxes when the operations in that country result in a profit. To the extent that such taxes are paid in the future, they would constitute credits against United States income taxes.

IRCA operates the largest freight and passenger railroad in Guatemala and El Salvador. The railroad runs through Guatemala from the Atlantic Ocean to the Pacific Ocean and connects with the National Railways of Mexico on the north and extends to the Bay of Fonseca (El Salvador) which borders Honduras and Nicaragua on the south. The operations of IRCA had shown a profit in each year of its history until 1958. However, commencing in 1958 net losses have resulted annually from operations. Railway operating revenues declined from $16,816,448 in 1957 (the last year in which a profit was realized from operations) to $11,154,638 in 1962 or a decrease of approximately 33%. This decline in operating revenues has resulted from the lack of sufficient diesel locomotive equipment, from increased competition from trucks and buses and new government-owned ports, from fluctuations in

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coffee prices and production, from labor difficulties in Guatemala and from generally unsettled political conditions which deter economic development in both Guatemala and El Salvador.

The following table sets forth, for the five year period 1958 to 1962, inclusive, the percentage of each category of railway operating revenues to total revenues.

PERCENTAGE OF EACH CLASS OF RAILWAY OPERATING REVENUES TO TOTAL

	Year Ended December 31st				
	1958	1959	1960	1961	1962
Source of Operating Revenues:					
Freight-Export Bananas	11.8%	14.3%	19.5%	20.5%*	11.5%*
Freight-Export Coffee	10.7	11.7	9.3	8.8	11.0
Freight-All other exports	3.9	5.0	5.0	5.5	7.0
Freight-Imports	30.5	27.5	26.5	26.2	29.9
Freight-Local	11.4	10.5	9.4	8.8	9.9
Total Freight	68.3	69.0	69.7	69.8	69.3
Passengers	12.5	10.8	8.8	8.6	8.8
Express, Mail and Sundry	2.3	2.5	2.4	2.4	2.5
Port Operations	16.9	17.7	19.1	19.2	19.4
Total Operating Revenues	100.0%	100.0%	100.0%	100.0%	100.0%

*In the years 1961 and 1962 banana freight revenues were taken into accounts at the higher rates established by the decision in the Ripley case to the extent that these additional revenues were released to IRCA out of the escrow account ($600,000 in 1961 and $220,134 in 1962). If banana freight revenues had been based on the former contract rates the percentage of this revenue in 1961 and 1962 would have been 16.5% and 8.0% of the total operating revenues, respectively.

During the past five years the most significant single commodity shipped on the railroad has been bananas, shipped principally on behalf of United Fruit Company and its subsidiary, Compania Agricola de Guatemala. IRCA has contracted with United Fruit to transport that company's banana shipments for a term ending not earlier than January 1, 1968. There are also contracts with United Fruit's subsidiary, Compañia Agricola de Guatemala, which may require the subsidiary to ship its bananas over the lines of IRCA for a term ending not earlier than January 1, 1968. United Fruit and Compañia Agricola have contended that the latter's obligation to ship over IRCA's lines terminated on January 1, 1963. They have advised IRCA that although continuing to use IRCA's rail facilities, Compañia Agricola have contended that the latter's obligation to ship over IRCA's lines terminated on January 1, 1963. They have advised IRCA that although continuing to use IRCA's rail facilities, Compañia Agricola is reserving the right to cease utilizing such facilities at any time. In the event that United Fruit or Compañia Agricola should at any time curtail their banana shipments over the railroad, the operating revenues of IRCA would be adversely affected. During 1962 revenue obtained from Compañia Agricola for transportation of bananas and other merchandise and for sundry services amounted to 9.97% of IRCA's operating revenues for that year. It has come to IRCA's attention that Compania Agricola has notified the Guatemalan Government it intends to cease operations during 1964. It is not believed that railroad revenues realized from Compania Agricola's banana shipments will be adversely affected during 1964. The lands used by Compañia Agricola for banana growing may be used by others to produce either bananas or cotton. No determination can be made at this time as to the extent of future revenues which may be derived from the transportation of such crops.

In 1949 a stockholder's derivative suit (Ripley vs. IRCA and United Fruit Company) was brought in the Supreme Court, County and City of New York, on behalf of IRCA charging United Fruit with a breach of fiduciary duty as to rates it paid to IRCA for shipments of bananas and on import shipments of materials and supplies. On March 1, 1961, under a judgment and supplemental judgment in favor of IRCA against United Fruit in the aggregate sum of $9,176,974.15, United Fruit paid the sum

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Dieselization Program

Though maintained in good condition, IRCA's steam locomotives operate uneconomically over the mountainous terrain of Guatemala and El Salvador. Accordingly, in order to operate more profitably and to meet truck competition, IRCA is negotiating for the purchase of not less than 44 diesel electric locomotives. It is estimated that the local cost of acquiring 44 diesel locomotives would be approximately $6,000,000.

Labor Relations

As of December 31, 1962, IRCA had approximately 6,300 full-time employees, of which about 4,250 were located in Guatemala and about 2,050 in El Salvador. Wages paid IRCA employees, are generally speaking, at least equal to wages paid other employees of comparable skills in the two countries. During 1959-1962, IRCA reduced its work force by 1,187 employees. Such reductions in force required termination payouts of $1,464,280 in cash. Any significant future reduction in IRCA's work force will also require substantial cash payments in the form of termination pay.

Labor conditions in Guatemala are not satisfactory; strikes and work stoppages for economic and political reasons have been frequent during the past five years. Guatemala employees of IRCA are represented by the Railwaymen's Union (SAMF). IRCA's collective pact with SAMF expired on August 31, 1961. Under Guatemala law, until conclusion of a new pact, the terms and conditions of the former collective pact remain in full force and effect.

El Salvador employees of IRCA are represented by the Salvador Railwaymen's Union (U.T.F.), under an agreement which was effective until April 30, 1963. A new labor contract is currently being negotiated. Labor conditions in El Salvador are considered satisfactory, and there have been no significant strikes or work stoppages in that country during the past five years.

Competition

In 1962, it is estimated that the railroad handled approximately 80% of the long-haul rate traffic and approximately 40% of the inter-urban passenger business in the areas served by the railroad in Guatemala and El Salvador. However, IRCA is subject to increasing competition with respect to both freight and passengers, from truck and bus lines operating in the two countries. Further, IRCA's port operations are subject to competition from government-operated ports in Guatemala and El Salvador. Because of all such competition, IRCA has on occasion found it necessary to reduce its rates in both countries, in some cases, below levels which are considered profitable. For all practical purposes, IRCA's railway rates are in effect established by rates charged by trucks, and IRCA's port charges are in effect established by the rates charged by competing government ports.

Recent Developments

The United States and other nations of the free world have evidenced increased interest in bettering economic and social conditions in Latin America and in fostering social, economic and political stability in Latin America. Thus, one of the major foreign aid programs currently undertaken by the United States, in conjunction with 19 Latin American republics, is the Alliance for Progress established by the Charter of Punta del Este in August, 1961, and dedicated to securing a better life, under freedom and democracy, for the peoples of the Americas. President Kennedy had pledged the United States to contribute $10,000,000,000 to the Alliance, mostly in the form of long-term development loans. Further, in order to foster their own economic development, the republics of Central America in 1960 instituted the Central American Program for Economic Assistance, the so-called "Central American Common Market".

Heretofore, as in other nations of Latin America, Guatemala and El Salvador have been beset by political, economic and social disturbances. These disturbances have created, and may in the future create, conditions which may make profitable operation of the railroad difficult. Unsettled political

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TRANSPORTATION CORPORATION OF AMERICA AND CONSOLIDATED SUBSIDIARIES*

CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31, 1952		June 30, 1953 (Unaudited)	
Current Assets:				
Cash	$ 5,733,334		$ 4,314,571	
Accounts receivable—U. S. Government	397,933		416,371	
Other notes and accounts receivable—net	1,421,167		2,101,612	
Materials, parts and supplies (at cost)	893,721		933,457	
Prepayments	581,994		918,460	
Other	700,620		448,565	
Total Current Assets		$ 9,728,769		$ 9,136,036
Due from International Railways of Central America		—		20,100
Investment in Caribbean Atlantic Airlines, Inc. (at cost)		338,193		338,193
Excess of Cost over Book Value of Investments in Capital Stock of Subsidiaries		534,055		534,055
Excess of Cost over Par Value of Investment in Capital Stock of Subsidiary D. C. Transit System, Inc. (Delaware)		175,003		175,003
Marketable Securities (at cost, approx. market value of $30,800 December 31, $31,300 June 30)		87,828		87,828
Investment in International Railways of Central America		2,662,701		2,662,701
Operating Property and Equipment (at original cost)	56,402,980		64,250,443	
Deduct: Accumulated depreciation and obsolescence	16,584,763		18,706,719	
	39,818,217		45,543,724	
Deposits on aircraft	350,000		1,734,515	
Total Operating Property and Equipment		40,168,217		47,278,239
Deferred Charges:				
Applicable to new jet aircraft				
—Training and other costs		1,163,752		1,301,649
—Finance costs		3,179,788		2,805,685
Other		310,129		282,255
Special Deposits		321,597		321,597
Other		457,305		626,985
TOTAL ASSETS		$59,127,347		$65,570,336

* Exclusive of International Railways of Central America.

Reference is made to the notes to the consolidated financial statements.

Reference is made to the accompanying notes to financial statements, appearing elsewhere in this Prospectus of Transportation Corporation of America and subsidiaries (exclusive of D. C. Transit System, Inc. (Delaware) and subsidiaries and exclusive of International Railways of Central America) which are an integral part of this statement.

Reference is also made to the notes to financial statements, included elsewhere in this Prospectus, of D. C. Transit System, Inc. (Delaware) and subsidiaries which are also an integral part of this statement.

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TRANSPORTATION CORPORATION OF AMERICA AND CONSOLIDATED SUBSIDIARIES*

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 1962		June 30, 1963 (Unaudited)	
Current Liabilities:				
Accounts payable	$ 4,129,351		$ 4,117,597	
Notes payable (due within one year)	4,779,147		7,444,312	
Accrued payroll and vacations	2,041,832		2,096,159	
Unearned transportation revenue and customers' deposits—net	459,288		774,487	
Income taxes payable	1,048,742		1,208,991	
Dividends payable	160,559		160,717	
Other	698,576		900,364	
Total Current Liabilities		$12,452,495		$16,702,657
Long Term Liabilities		26,583,408		29,915,562
Deferred Federal Income Taxes and Investment Credit		349,537		82,814
Other Liabilities and Deferred Credits		16,077		19,850
Reserves:				
Injuries, damages and self-insurance	1,938,933		1,850,185	
Track removal and street repaving	4,818,510		4,732,868	
Reserve for salvage of machinery and equipment	36,551		36,551	
Other	3,940		3,940	
Total Reserves		6,797,934		6,623,544
Excess of Net Original Cost of Properties Recorded by Predecessor Owner Over Cost to Present Owner		3,608,689		3,096,862
Deferred Income—on installment sale		65,117		63,852
Minority Stockholders' Equity in Subsidiaries		572,365		551,062
Stockholders' Equity:				
Capital Stock—Par Value $0.10/share (1,171,324 shares Class A, 1,171,273 shares Class B December 31, 1,231,837 shares Class A, 1,180,047 shares Class B, June 30)	234,260		241,188	
Paid in capital	934,050		934,050	
Capital surplus	3,631,379		4,242,639	
Retained earnings	3,914,087		3,751,039	
Retained earnings allocated to 3% stock dividend declared	615,188		—	
	9,331,964		9,168,916	
Deduct: Treasury stock (68,806 shares Class A, at cost December 31, 69,305 shares Class A, at cost June 30)	650,239		654,783	
Total Stockholders' Equity		8,681,725		8,514,133
Commitments and Contingent Liabilities				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$39,127,347		$65,570,336

* Exclusive of International Railways of Central America.

Reference is made to the notes to the consolidated financial statements.

Reference is made to the accompanying notes to financial statements, appearing elsewhere in this Prospectus of Transportation Corporation of America and subsidiaries (exclusive of D. C. Transit System, Inc. (Delaware) and subsidiaries and exclusive of International Railways of Central America) which are an integral part of this statement.

Reference is also made to the notes to financial statements, included elsewhere in this Prospectus, of D. C. Transit System, Inc. (Delaware) and subsidiaries which are also an integral part of this statement.

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SUBJECT: Trip Report, Tiquisate 1
Bananera, January 3-January 11.
By: Dr. G. R. Bauwin

cc: Mr. W. T. van Diepen
Mr. T. A. Holcombe

Div. of Tropical Research
La Lima, Honduras
February 19, 1964

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Bananas - Varieties + Tiquisate

11694

DIVISION OF TROPICAL RESEARCH

TO: Dr. W. G. C. Forsyth

DATE: February 5, 1964

FROM: G. R. Baudin

PLACE: La Lima, Honduras

SUBJECT: Trip Report, Tiquisate and Bananera, January 3 - January 11.

The purpose of this trip was to terminate the variety trial in Tiquisate and to make arrangements for the transfer of this experiment to Bananera.

The variety trial in Tiquisate was terminated on December 31, 1963. The experimental procedure used in this study was presented in my trip report dated February 9, 1963. Results are presented in the attached table and show that:

1. Regardless of variety, yield for the second crop was greater than that for the first.

2. For the period, differences in yield between any two varieties are not significant at the 95 percent confidence level.

3. For the period, mean bunch weight for Jamaica Robusta is significantly higher than the mean bunch weight for any one of the other three varieties. Differences in mean bunch weight between any two of the latter three varieties (Valery, Giant Cavendish and Grand Nain) are not significant at the 95 percent confidence level.

The experiment will be transferred to Section #4 of Patuca Farm, Bananera, in the very near future. Section #4 is free of Radopholus similis. Seed treatment just prior to planting will consist of peeling, removal of heart and immersion in 140°F water for 10 minutes. The experimental area will be planted within 7-8 days. The experimental design will be the same as that used in Tiquisate.

In conclusion I would like to state that Mr. Vicente Castañeda and the overseer of Zunil Farm did an excellent job for us.

George R. Baudin

GRB:mf

RESEARCH DEPT. FEB 1964

T.T. ✓ this copy
N.C.T. ✓
S.E. ✓
P.I. ✓
P.C.B. ✓
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SUMMARY OF PRODUCTION, LOSSES AND CERTAIN BUNCH CHARACTERISTICS BY CROPS AND FOR THE PERIOD
VARIETY TRIAL, SECTIONS O-14 AND O-15 OF TOLIMAN FARM, TIQUISATE, GUATEMALA
FROM PLANTING IN JULY 1962 THROUGH DECEMBER 1963 (14 YEARS) 1/

Per Acre Basis

	Stems Shot	Stems Reaped	Total Weight Tons	Mean Bunch Weight, Lbs.	Stems Lost Total	Stems Lost As Percent of Shot	Stems Hanging as of 31 Dec. 1963	Hands Per Bunch	Caliper Grade 2/
First Crop									
Valery	395	393	15.12	76.9	2	0.51	0	9.90	43.0
Jamaica Robusta	395	391	16.12	82.5	4	1.01	0	10.05	43.3
Giant Cavendish	395	393	15.44	78.6	2	0.51	0	10.10	43.1
Grand Nain	395	395	15.40	78.0	0	0.00	0	10.20	43.0
Second Crop									
Valery	389	359	19.32	107.6	0	0.00	30	12.43	45.[illegible]
Jamaica Robusta	385	320	17.91	111.[illegible]	10	2.60	55	12.35	45.2
Giant Cavendish	389	348	18.29	105.1	4	1.03	37	12.33	45.[illegible]
Grand Nain	385	348	18.15	104.3	0	0.00	37	12.44	44.8
Third Crop									
Valery	61	000	00.00	000.0	0	0.00	61	—.—	—.—
Jamaica Robusta	53	000	00.00	000.0	0	0.00	53	—.—	—.—
Giant Cavendish	61	000	00.00	000.0	0	0.00	61	—.—	—.—
Grand Nain	115	000	00.00	000.0	0	0.00	115	—.—	—.—
Period									
Valery	845	752	34.44	91.6	2	0.24	91	11.12	43.9
Jamaica Robusta	833	711	34.03	95.7	14	1.68	108	11.09	44.2
Giant Cavendish	845	741	33.73	91.0	6	0.71	98	11.15	43.9
Grand Nain	895	743	33.55	90.3	0	0.00	152	11.25	43.8
L. S. D. .05 Period	NS 3/	NS	NS	2.4	* 4/	*	*	NS	NS

1/ Actually planted June 28 and 30, 1962; 10.5' x 10.5' square = 395 plants per acre
2/ In 32nds of an inch. Middle finger of the outer whorl for the middle hand on the sun side.
3/ No significant difference.
4/ Not computed.

GHB:nf

[RETYPE OF LAST TWO PAGES OF DX 386]

1171A

M E M O R A N D U M

March 17, 1964

At the risk of repeating some well-known information, I would like to comment on the changes which have occurred and will continue to occur in connection with the transition from Gros Michel to Valery bananas.

The Gros Michel was a good banana and served this company very well for many years. However, its susceptibility to Panama Disease and wind damage made it essential that we change to one which is resistant to both of these evils.

The Valery banana was chosen after study of several varieties, and we believe that the conversion to this fruit will give us the maximum amount of protection from the two major uncontrollable enemies of banana cultivations, that is, Panama Disease and high winds.

As a result of this protection, plus the fact that the Valery is faster growing, we expect a substantial increase in the tons of fruit produced per acre.

This chart shows what three of our largest and highest producing divisions have produced in tons per acre of Gros Michel bananas. It shows the average tonnage per acre for a representative period - 1956 through 1960 - and the maximum tonnage produced by each division in any one year.

Division	Average Tons 1956 - 1960	Maximum Tons	
		Year	Tons
Golfito	9.14	1949	12.01
Honduras	9.96	1940	13.95
Armuelles	10.73	1957	11.81

In contrast with this record is the anticipated Valery production of 18 tons per acre. It should be pointed out that this estimate is for the entire life of the cultivation, which is a minimum of ten years. We consider this very conservative for Valerys. Much higher production rates than 18 tons have been obtained in some Research plots and on small production areas. However, large scale commercial production of Valerys is still new to us, and there are many other factors other than cultivation practices which affect shipments, such as cold weather, strikes, floods, political troubles, etc. Valery bananas are also more susceptible to handling and transportation scarring so, therefore, must have additional protection against this damage both in the tropics and in transportation to the market. They must be boxed. For these reasons, and until we gain greater knowledge of commercial Valery production, we prefer to maintain a conservative estimate.

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The increased tonnage per acre will have a very favorable impact on unit costs due to the fact that the majority of the tropical costs, aside from harvesting and shipping, are relatively fixed and will not vary in accordance with volume.

The shift from Gros Michel to Valerys is not an overnight proposition. We are converting as quickly as the available seed supply and other circumstances - including the condition of existing cultivations - permit. In Guatemala East we expect to plant 1,600 acres of Valerys - and possibly more - this year but much of the existing Gros Michel and Cocos cultivations will be in existence for several more years. The minor acreage in Gros Michel and Cocos in Honduras will be unimportant by the end of this year and the division will be practically 100% Valerys in 1965. Other than seed beds, no Valerys have as yet been planted in either Golfito or Armuelles, and the slow spread of disease in these divisions will result in a comparatively slow conversion to Valerys. The Bocas Division is at present 100% variety fruit and Valery plantings are being expanded. In brief, the low-cost boxed fruit which will result from Valery production is appearing, but the ratio of Valery imports to total imports will increase gradually and the full effect of the transition will not be felt for some years to come.

Nevertheless, low-cost production will have an increasing effect on our profits. We have good reason to believe that by 1966 our landed cost for bananas in the U.S. and European markets will be lower than competitive fruit from Ecuador. It will also be of superior quality.

R. O. Miller

cc: Mr. T. E. Sunderland
Mr. J. M. Fox

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J.H. Fox Files - Cur 1173A (B) - 00 44

MEMORANDUM

RECD MAY 22 1964

May 22, 1964

Mr. T. E. Sunderland:

Valery plantings for commercial production at the end of April are as follows:

Guatemala East	800	acres
Honduras	14,200	"
Almirante	2,155	"
Total	17,155	acres

Our planting program is to have 33,226 acres by the end of the year. The program, though retarded at present by the dry weather, is expected to be on schedule at the end of the year. When the rains start, planting will be accelerated.

There were 7100 acres planted in Turbo. We expect to have 14,634 acres planted by the end of the year. This fruit has fully come up to our expectations, and we have had excellent cutturns in Europe. Our trade is delighted with it, and it is in great demand.

Panama Disease is apparently spreading faster in Manzanillo than originally anticipated, and present estimate for 1964 is only 2,000,000 stems. If present rate of spread continues, production will be so low by the end of 1965 that it will not be economical to operate it as a division, and we will reduce operation to an agent basis.

R.O. Miller

R. O. Miller

cc: Mr. J. H. Fox

DEFENDANTS

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JAN 30 1974

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MEMORANDUM

August 26, 1964

Mr. H. C. Cornuelle
Mr. A. E. Carpenter

The report that Mr. Fox brings back from the tropics indicates that our planting program is far enough along so that we can and should start actively thinking about when and how we will close out those divisions which are scheduled for ultimate closing, viz.:

1. Dominican Republic
2. Santa Marta
3. Ecuador

It would be useful to have the Financial Department give us such analysis as may be possible relating to savings that can be effectuated if we close down one or more of these divisions in 1965 or 1966, and in advance of the date originally thought best for such closing. We should analyze the one time cost of closing including any sums we might have to pay because of contracts that continue beyond the closing date. However, in this last connection, it seems to me possible that we can maintain an agent there to buy fruit and thereby eliminate the cost of contract breach in advance of the termination date. I would also like to see some cash flow studies, as well as an indication of whether or not the one time costs are charged to earnings or charged to surplus.

I'm sure that careful consideration will indicate many things that should be studied, over and beyond what are suggested in this memorandum, but the purpose of this is merely to get the study underway, and I would appreciate it if the two of you would start this at your early convenience.

TES/jm

Thomas E. Sunderland

DX402

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1175A

BARCO, COOK, PATTON & BLOW
1717 PENNSYLVANIA AVENUE, N. W.
WASHINGTON, D. C. 20006
TELEPHONE 296-6810
CABLE "BARCOPAT"

JAMES W. BARCO
JAMES H. PATTON, JR.
GEORGE BLOW
F. THOMAS SCHLOSSBERG
CHARLES O. VERRILL, JR.

IN NEW YORK
277 PARK AVENUE
CHARLES D. COOK
WILLARD VAN HASSELL, JR.

March 16, 1965

Victor C. Folsom, Esq.
Vice President & General Counsel
United Fruit Company
30 St. James Avenue
Boston, Massachusetts 02116

Re: International Railways of Central America v. United Fruit Company, S.D.N.Y. Civ. Action No. 479-65

Dear Mr. Folsom:

I enclose two copies of a memorandum based upon my rough notes of the meetings which took place on January 9, 1964.

Sincerely,

George Blow

klc
Enclosures
cc: Hugh B. Cox, Esq.

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March 13, 1963

MEMORANDUM TO MR. FOLSON

Conferences in the Board Room of United Fruit Company in the Morning and Afternoon of Thursday, January 9, 1964

This memorandum is based upon rough notes taken of the discussion at the morning and afternoon meetings in the Board Room at 30 St. James Avenue in Boston on Thursday, January 9, 1964.

The Morning Meeting

The meeting was called by Mr. Sunderland to discuss alternative means of compliance with Article VIII of the Consent Judgment entered by the United States District Court for the Southern District of Louisiana on February 4, 1958. The meeting was occasioned by the receipt of Mr. Chalk's letter dated December 30, 1963, addressed to Mr. Fox. Arrangements had been made for Mr. T. A. Holcombe, then manager of United's Guatemala operations, to come to Boston to report upon the status of the properties of Compania Agricola de Guatemala in Tiquisate. Mr. Holcombe's flight was delayed and he did not attend the meeting. However, it is my understanding that he reported to Mr. Miller by telephone upon his arrival in the afternoon.

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The following were present at the morning meeting:

Mr. Sunderland
Mr. Fox
Mr. Folsom
Mr. Marquette
Mr. Hawkins
Mr. Roddy
Mr. Blow

The following alternatives were discussed:

(1) United could repurchase acreage and cancel outstanding commitments in Tiquisate.

(2) United could advise Mr. Chalk that there were not sufficient assets remaining in Tiquisate to make it practical to proceed along the lines of the paragraph at the bottom of Page 2 of Mr. Fox' letter to Mr. Chalk dated December 23, 1963.

(3) United could enter into negotiations with Mr. Chalk looking forward to the sale to him of assets (or an interest in a New Company having from United such assets) in Bananera as well as in Tiquisate.

My notes show that the discussion at this point was broadened to include the question of whether United would comply with Article VIII of the Consent Judgment by forming a New Company with the requisite assets from United and spinning off all of the stock of this Company to its

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shareholders. With reference to the tropical banana producing division to be selected for a New Company, Mr. Fox observed that he would be reluctant to part with either the Armuelles or Golfito Divisions. Mr. Marquette observed that, from a shipping standpoint, he would prefer to see a higher proportion of United's imports produced on the East Coast of Central America. In his opinion, the selection of one of United's West Coast producing divisions would put United's shipping scheduling in better balance.

Mr. Blow noted that at the meeting with Mr. Chalk and his associates in New York City on September 30, 1963, Mr. Chalk had expressed interest in Paragraph C of Article VIII of the Consent Judgment, which provides for the "transfer of a partial interest in the New Company to an Eligible Person who invests not less than $1,000,000 in the New Company and distribution to the stockholders of United of the remaining interest in the New Company . . . ." Mr. Chalk had stated that he would want a controlling interest. However, he would want no more stock than was necessary for control. My notes of the meeting on January 9, 1964, show that Mr. Hawkins

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made the point in this connection that if United complied with Article VIII by transferring a partial interest in the New Company to an Eligible Person, the character and business reputation of such Eligible Person were important factors. If the New Company failed due to poor management, United's shareholders, who would receive the balance of the stock, would suffer.

My notes further show that there was general agreement that a 100% spin-off under Paragraph A was preferable to a partial spin-off under Paragraph C of Article VIII of the Consent Judgment for the following reasons:

(1) If there were a 100% spin-off, no shareholder of United could question (a) the amount which United accepted for its assets from an Eligible Person under Paragraph B; or (b) the amount accepted for a partial stock interest in a New Company from an "Eligible Person" under Paragraph C.

(2) A New Company with (a) able and experienced management; (b) a good producing division; (c) ships; and (d) adequate financing would be a responsible factor in the industry.

(3) Since United's planting, boxing and marketing operations were in a period of transition, United should take advantage of the period remaining to it to prepare and submit a plan of compliance with the Consent Judgment.

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With reference to the Armuelles Division, mentioned as a candidate for the New Company's tropical banana producing division, it was noted that no one would question the selection of this division, which had a marvelous record. This division can ship to ports on the West Coast, East Coast and Gulf Coast. Assuming that the Company lost a part of its West Coast market to the New Company, the selection of Armuelles as the New Company's tropical producing division would put United in better balance from a shipping standpoint.

It was the consensus of the meeting that the Company would "gear up" for a 100% spin-off under Paragraph A of Article VIII of the Consent Judgment. The following alternatives were suggested for study:

(1) A New Company importing 9 million stems of bananas from Armuelles;

(2) A New Company importing 7 million stems of bananas from Armuelles and 2 million from Turbo;

(3) A New Company importing 7 million stems of bananas from Armuelles and 2 million from Ecuador;

(4) A New Company importing 7 million stems of bananas from Armuelles and 2 million from Ecuador, with United in the position of "associate producer."

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The Afternoon Meeting

In addition to those who attended the morning meeting, my notes show that other vice presidents, including Mr. Miller, and their assistants attended the afternoon meeting.

Mr. Sunderland summarized the morning's discussion and explained that, under Article VIII, United could spin off 100% of the stock of a New Company to its shareholders or sell a stock interest in a New Company to an "Eligible Person" who invested not less than $1,000,000.

The question was raised as to whether United could obtain substantial modification of the Consent Judgment in view of the change in conditions in the banana industry since the entry of the Judgment. Following discussion, it was suggested that substantial modification of the Consent Judgment so as to make divestiture unnecessary was unlikely and that any relief that the Company might receive from the fact of changed circumstances would be limited to some latitude in interpreting specific requirements of the relevant paragraphs of Article VIII.

My notes indicate that Mr. Roddy stressed that United must have the spin-off in mind in its future planning, even if the spin-off is not effective until 197[illegible] or

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1971. He pointed out that United's planting, betterment and shipping plans would all have to take into consideration the divestiture by United of producing properties, ships and other assets at such time.

My notes show that Mr. Miller suggested Bananera as a spin-off possibility.

There was some discussion of personnel for the New Company. It was suggested that a position with the New Company should be regarded as a good opportunity for many employees of United.

There was general discussion of the formation of a New Company, during which it was suggested that it might be advisable not to set up the New Company as an operating entity until the Court had approved a plan. Mr. Hawkins observed that there were two years of hard work upon a plan in prospect.

My notes show that at the conclusion of the meeting there was general agreement upon the following:

(1) United would probably spin-off 100% of the stock of a New Company to its shareholders.

(2) United would seriously consider substantial cash offers for assets which would qualify under Paragraph B as compliance with Article VIII.

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(3) Mr. Chalk would be informed of the fact that the Company's banana producing lands in Tiquisate were largely sold or committed to others and that United was not in a position to consider the sale to him of a controlling interest in a New Company having Bananera as its tropical banana producing division.

G. Elow

klc

cc: Mr. Cox

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6/30/70
GFL

Annual Report

INTERNATIONAL RAILWAYS

of

CENTRAL AMERICA

1965

15 EXCHANGE PLACE
Jersey City, N. J.

Cover page, 2nd p. Dx 428
Annual Report

1185A

Annual Report to Stockholders, Year Ended December 31, 1965

To the Stockholders of
International Railways of Central America:

1965 results were disappointing, caused by a slump in revenues and restrictions on Management's right to keep labor costs within the limits of revenues. Competition for traffic with government ports continued to be a serious problem in light of inducements said ports offer shippers by preferential duties, customs, and other practices detrimental to our business. On the labor front, the burden of severance pay in laying off surplus personnel and the vigorous resistance of labor to attempts to ease oppressive practices hamper Management in cutting costs of operation.

Unless the Company secures relief from publicly supported competition and its labor problems, it is unlikely that it can operate within available revenues during the current year.

Intensive studies are now under way to improve operations wherever possible.

The holdings of Trans Caribbean Airways, Inc. in the Company were sold to Louis Yaeger on April 1, 1966. Thereafter, a number of changes took place in the composition of the Board of Directors and General Officers of the Company. O. Roy Chalk resigned as Chairman of the Board and President, and Louis Yaeger was elected in his stead; Mortimer D. Cure was appointed General Manager; Irving M. Buckley, O. Roy Chalk, Donald S. Dawson, Morris Fox, Henry M. Hubshman, Jr., Francis S. Levien and Emil Rogers resigned as directors; and Abraham K. Weber was appointed general counsel and elected a director.

The Board, as presently constituted, consists of seven members (pursuant to the by-laws as amended), to wit, Louis Yaeger (Chairman), Oliver R. Grace, Dr. Carlos R. Lopez, Edwin C. Price, William Rosenblatt, Frank I. Tennyson, and Abraham K. Weber.

It is with deep regret that our annual report can present only the gravity of the problems which we face, but stockholders and employees may rest assured that Management will bend all efforts to reestablish profitable operations.

LOUIS YAEGER
Board Chairman and President

April 28, 1966.

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Annual Report

INTERNATIONAL RAILWAYS
of
CENTRAL AMERICA

1966

15 EXCHANGE PLACE
Jersey City, N. J.

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Annual Report to Stockholders,
Year Ended December 31, 1966

To the Shareholders of

International Railways of Central America:

It is with deep regret that Management must apprise shareholders of the fact that, despite vigorous efforts by the Company during 1966 to secure relief from oppressive labor and other practices in Guatemala, and to cope with the ruinous effect upon traffic resulting from government regulations favoring the trucking industry and the free ports in that country, IRCA has not been successful in either area. The loss for the year, all of it attributable to operations in the Guatemala Division, amounted to approximately three million dollars.

Management is continuing its efforts in Guatemala to obtain relief from present intolerable conditions.

LOUIS YAEGER
Chairman of the Board and President

April 29, 1967.

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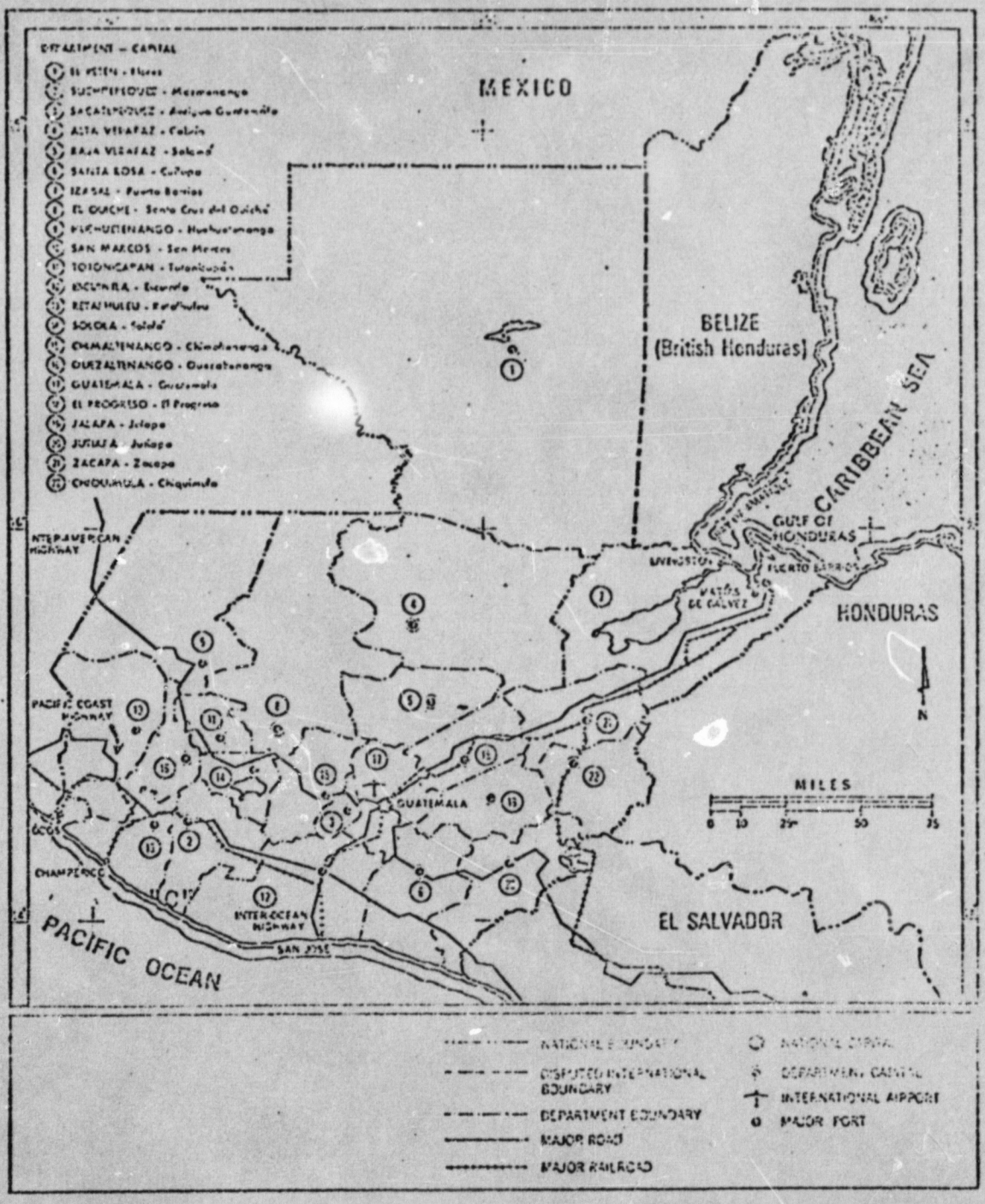

Figure 1. Political Divisions and Transportation Routes of Guatemala.

Source: Area Handbook for Guatemala, U.S. Government Print (1970) xiv

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FX 1372

Com. Fees, per Original Grant to Boston

1189A

RAILWAYS OF CENTRAL AMERICA

OFFICE OF PRESIDENT

CABLE ADDRESS:
GUARAILCO GUATEMALA

GUATEMALA CITY, GUATEMALA, C. A.

April 13, 1960

AIRMAIL - No. 136

Mr. James McGovern, Chairman of the Board
International Railways of Central America
15 Exchange Place, Jersey City, N.J., USA

APR 18 1960
JERSEY CITY OFFICE

Dear Mr. McGovern:

I have your letter of April 8 regarding Compañía Agrícola estimates on shipments of bananas from the West Coast. The actual shipments are exceeding 200,000 stems per week and, as you say, it is expected that the volume will continue for several weeks. So far, we have been able to move all of the Compañía Agrícola and Standard West Coast bananas and Fruit Company East Coast bananas without undue delays. We have not, of course, been able to make the 1:00 P.M. loading on the day following the cut of Tiquisate fruit very often. This was known to us and explained to the Fruit Company during the conference on January 14 in Boston.

As you know, the Fruit Company shipments are scheduled to increase considerably from now on and, according to their estimates, will run considerably over 1,000 cars per month during the period June to September, inclusive, this year. These shipments do not create much of a problem outside of pulling an increased number of cars out of the fruit car pool for handling the bananas from all three companies. The coordination, programing and execution of these fruit movements as well as coordinating all of them with our other traffic is quite a job.

This week (Holy Week) is full of additional headaches because no one outside of I.R.C.A. will work on Good Friday when we can expect also that some of our crews will not be available for various reasons, even though all vacations and time off have been cancelled. This point may bring about delays in returning the 200 empties from the ship load on Saturday the 16th and the movement of approximately 240 cars from Tiquisate on the same date.

Unless something additional and unforeseen is injected into this picture we do not think that it will be necessary to use box cars for Tiquisate fruit. However, due to inability of the Fruit Company to load on Good Friday we may have to use, say, about 30 box cars and some stock cars to handle the 30,000 stem Bananera cut on April 17. Fortunately from a car standpoint, but unfortunately from a revenue standpoint, the Standard Fruit Company did not schedule any cuts between April 12 and 18 - evidently to bring up the grade.

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Mr. James McGovern: April 13, 1960

The Compañía Agrícola has been loading some of their Tiquisate fruit on the flat in fruit cars at an average of 300 stems per car. The net weight of the fruit plus the packing was/ is averaging 27,600 lbs. which is over-loading the cars dangerously. We have told Mr. Taillon this morning that while their fruit is as large as at present, to reduce the number of stems to 275 per car when loaded on the flat. We calculate this action will result in a net weight of approximately 25,500 lbs. per 24,000 lb. fruit car including the bananas and the packing.

I believe the Tiquisate production has surprised everyone. If the shipments in April continue as at present about 3,200 cars of Compañía Agrícola fruit, produced and purchased, will be moved during this month. We estimate Bananera will ship about 460 cars and the Standard about 380 cars.

Everyone here is giving the required attention to these heavy fruit movements and everything possible will be done to move all of the bananas with the least possible delay, if any.

Yours very truly,

HWH:ek

cc: Mr. F. I. Thompson

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DEFENDANT'S
EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.
JAN 28 1974
MAR 5 - 1974

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TIQUISATE

STEMS SHIPPED BY MONTH
(in thousands)

1960 and 1961

	1960	1961
January	273	351
February	268	415
March	619	634
April	809	321
May	623	241
June	292	145
July	146	130
August	116	184
September	281	293
October	226	194
November	357	191
December	552	249
Total	4,562	3,348

SOURCE: Form 840

Dx 468

DX 469 Return of DX 469 (1st, 4th, 5th, 6th pps. of exhibit) 1/61

DEFENDANTS
JAN 28 1974

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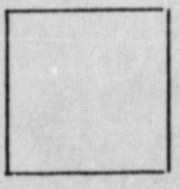
TO OUR SHAREHOLDERS:

This July 1961 issue of UF Shareholder covers both the Company's 62nd Annual Meeting of Shareholders at Flemington, New Jersey, on April 19, 1961 and the Second Regional Shareholders Meeting at Boston on April 26, 1961. Attendance at the Flemington meeting of 600 shareholders was the biggest in the history of the Company, and the Boston meeting was attended by approximately 1,500 shareholders and guests. There were three issues before the shareholders at the 62nd Annual Meeting. The first was the election of Directors, and in this 60,316 shareholders voted 6,891,806 shares in person or by proxy representing 79.1% of the shares outstanding. The second issue was an amendment to the By-laws, to permit changing the Annual Meeting site. In this 59,181 shareholders (70.1%) voted 6,716,920 shares (77.1%) in person or by proxy for and 1,159 (1.4%) voted 92,922 shares (1.1%) against the by-law amendment. The third issue was an amendment to the Restricted Stock Option Incentive Plan in which 6,942 shareholders (8.2%) voted 651,959 shares (7.5%) in person or by proxy for and 53,508 shareholders (63.3%) voted 5,423,245 shares (62.3%) voted 5,423,245 shares (62.3%) against. These percentages were computed on the number of shares outstanding and on the actual number of shareholders as of March 3, 1961 respectively.

Sincerely yours,

T. E. Sunderland
President



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REMARKS BY MR. SUNDERLAND

We are pleased that so many were able to accept our invitation to be here today.

As you know, we scheduled the meeting to follow the Annual Meeting in Flemington,(1) New Jersey, in order that a larger segment of our shareholders could attend and hear a direct report from the Company.

Those of you who were last year at our First Regional Shareholders Meeting will recall that we were pleasantly surprised at the turnout of 1,500 people. As a matter of fact, we have been surprised again this year. We also had more than we originally thought we would have at our Flemington meeting, and we are very pleased to see the large turnout here today.

I want to report that the eighteen Directors nominated by the management were elected for the ensuing year.

Also, as a result of a favorable vote of more than two-thirds of the stockholders, and the law requires that we must have a two-thirds vote, we have now been able to change the by-laws of the Company so that we no longer are required to have the formal annual meeting in

(1)The opening remarks relate only to the Regional Meeting. The introduction of directors is a composite of both meetings. Other than this the remarks of Mr. Sunderland and other officers are substantially the same for both the Annual and Regional Meetings. The formal transaction, required by law, to move the Annual Meeting from the Hunterdon Theatre to the Hunterdon Central High School, Flemington, is omitted.

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* picture and caption illegible

losses that had hurt the Company so badly in the previous several years. Our Sales staff believed that prices in 1960 would be reasonably comparable with 1959. I explained this to all of you at the Annual Meeting last year and on that basis expressed the hope that the downward trend of things would stop during the year 1960. We did turn the corner and start upward in the production end of the business, but, as you all know from the letters sent to you each quarter, prices collapsed throughout the United States and dragged down our earnings to the low figure mentioned.

The full story as to our earnings, the revaluation of some of our assets based on more realistic appraisals, charge-offs for bad debts, and the creation of certain reserves, are all told in detail in the Annual Report and do not need to be repeated here.

Two other financial items should be mentioned:

(1) The New York Court of Appeals finally upheld the judgment in the litigation involving International Railways of Central America and in March 1961 the award was paid into court. The details are given in the Annual Report.

(2) For a number of years since World War II, ship replacements have made total capital expenditures considerably greater than the annual depreciation charge. For example, we spent more than $10 million in each of the years 1959 and 1960 on ship construction. During 1961 we will complete at a cost of some $8 million the recently authorized ship-building program.

The low banana prices in 1960 continued into the first quarter of 1961. The severe cold weather during January and February -- which was record breaking in many parts of the United States -- created serious quality problems in the bananas grown in northern portions of Central America. As a result, our after tax earnings for the first quarter of 1961 are down to $170,000 or two cents per share. Both February and March were better months than January and I am glad that our operations are on the profit side of the ledger despite weather problems and prices.

As outlined later in these remarks, we are doing some constructive things to improve earnings with particular attention to lowering costs, but nevertheless we must be prepared for a difficult year in 1961. Competitive imports are substantial keeping pressure on prices and profits continue to be unsatisfactory. Our future dividend policy will have to weigh these and other factors during this difficult period.

We have been giving a great deal of thought to possible ways to stimulate demand and sell larger quantities of bananas at better prices. Under the direction of Mr. Fox -- who joined us on February 1st -- we are going to make an intensive effort to find new and more effective sales techniques.

I would like Mr. Fox to say a few words about this a little later.

ECUADOR

Ecuador is the largest single factor in the banana business today, and it is estimated that it is producing in excess of 50,000,000 stems annually. Bananas exported from Ecuador have increased from 8,000,000 stems in 1951 to almost 36,000,000 in 1960. The great increase in production has been made possible primarily by the opening of new roads throughout the country and the easy availability of port facilities. The Government of Ecuador has been active in helping these developments -- and we understand that the economy of Ecuador has improved very substantially as a result. At the same time, however, this development has resulted in a tremendous surplus of bananas, produced very cheaply, which are available to anyone. It makes it possible for exporters, with no substantial investment in

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Company officers and others present at Annual Meeting

facilities, to market bananas when prices are high and stay out of the market when prices are low.

Under these circumstances a fair question might be: "Since Ecuador provides the greatest number of bananas and at a low cost, why doesn't the United Fruit Company buy its entire output from that country?" There are several reasons why the Company does not do this. In the first place, if we were to buy entirely in Ecuador it would mean shutting down our producing divisions in Central America -- which I do not favor doing. Also, the history of the United Fruit Company down through the years has demonstrated the wisdom of having several sources of supply. Thus, while plant disease, blowdowns, labor problems or political difficulties might crop up in one area, the Company would still have other sources of supplies.

It is our hope that the close attention we are giving to costs, our developments in research and new techniques in handling will enable us to utilize -- rather than close down -- our large investments in various Central American republics. Also, Central America has an inherent advantage over Ecuador for most of its exports because it is located closer to the markets and does not have the delays and tolls involved at the Panama Canal, with resultant lower transportation costs. If we receive fair and equitable treatment and are not subjected to discriminatory and burdensome legislation, we believe that we can continue to operate in most Central American countries on an economical basis.

PRODUCTION

I can give you an encouraging report on blowdowns. For a number of years in a row, we had excessive blowdowns that have robbed us of large banana production which we should have been able to market. The record with respect to losses by blowdown in 1960 was considerably better than it was in 1959, which helped put our U.S. and Canada sales figures back to the levels at which they had been before this series of catastrophes. The results to date for 1961 are better than for the same period in 1960.

I am pleased to report that the weights per stem of fruit shipped to the United States and Canada have increased 5 pounds per stem over the previous year, as a result of our new spray techniques.

ASSOCIATE PRODUCERS

Our Associate Producer program is moving forward. As you know, it is our policy to become more and more a purchaser and merchandiser of fruit with decreased emphasis on the operation of farms but with a continuing role as technical adviser to and purchaser from the nationals in the various countries who will own or operate the farms producing the bananas. Our progress in this Associate Producer program is substantial: the transition was completed in Ecuador during 1960, was completed in Colombia during the early part of 1961 and these two countries added to the Dominican Republic, make three countries in which the transition has now been accomplished. We are working on the program in other countries but to our surprise we are finding resistance in some areas despite great popular support for such a program over the past many years.

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FUTURE PLANS

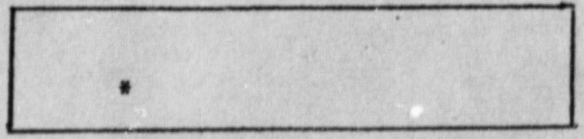
While the situation confronting the Company is serio[illegible] and difficult, we are doing everything we can. A major effort to reduce costs has been under way for some time. Significant annual cost reductions have been made in the tropics and we believe that more can be accomplished. This is one of the results achieved by the General Manager of the Tropical Banana Divisions -- an office created in the tropics last year. A major reorganization and realignment of Company functions, particularly in this country, is now in progress and we hope that substantial costs savings can be realized.

We are pleased to announce production of a new banana which is an important improvement over the Lacatan banana which we discussed last year. This new banana is resistant to Panama disease, is an even better producer than the Lacatan and is less susceptible to wind damage and blowdown because it is low growing and more sturdy. The results so far obtained in the production of these new bananas are more encouraging and we plan to accelerate its production. Since it takes almost a year to produce a crop of bananas and we have to grow our own seed beds for these new types, it takes a long time to get sufficient production to make a really significant market test of the sales appeal of this new type of banana. By modern techniques developed on our plantations, we can multiply our seed production each year by a multiplier of at least five so that for each acre of resistant bananas we have in 1960 we can have five acres in 1961, twenty-five acres in 1962, one hundred and twenty-five acres in 1963, and so on in geometric progression. We have had to start from a small base because, as you know, prior to 1960 the Company made no substantial effort to grow the Panama disease resistant bananas except in experimental quantities. I wish expansion could be done more rapidly but nature does not grow these crops any faster than this.

We believe the production of these resistant bananas, in areas already developed and where we are presently operating, is a better alternative than the abandonment of many millions of dollars invested in facilities on lands where Gros Michel bananas can no longer be grown because of Panama disease. In the production of resistant bananas, we will not be burdened with the staggering costs resulting from the early abandonment of lands infected with Panama disease. However, before we are sure that this is the answer, we must have adequate market tests to find the reaction of jobbers, retailers and consumers to the new banana. This whole area is of great importance to our Company during the transition we are now making.

BOXING

At year-end 1960, we had had about six months experience in our experiments with boxing bananas in the tropics and shipping them in boxed form to the markets in the United States. This is the first time in the history of the Company that anything like this has been tried and we had to start from scratch. We have gained a great deal of experience and are convinced that this is the future of the banana business. The techniques of handling bananas in a box are not easy because the fruit has to ripen uniformly in the box. There must be quality control of a highly



Reproduction of color slides shows one type of container developed for tropical boxing program. Note excellent appearance of fruit.

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losses that had hurt the Company so badly in the previous several years. Our Sales staff believed that prices in 1960 would be reasonably comparable with 1959. I explained this to all of you at the Annual Meeting last year and on that basis expressed the hope that the downward trend of things would stop during the year 1960. We did turn the corner and start upward in the production end of the business but, as you all know from the letters sent to you each quarter, prices collapsed throughout the United States and dragged down our earnings to the low figure mentioned.

The full story as to our earnings, the revaluation of some of our assets based on more realistic appraisals, charge-offs for bad debts, and the creation of certain reserves, are all told in detail in the Annual Report and do not need to be repeated here.

Two other financial items should be mentioned:

(1) The New York Court of Appeals finally upheld the judgment in the litigation involving International Railways of Central America and in March 1961 the award was paid into court. The details are given in the Annual Report.

(2) For a number of years since World War II, ship replacements have made total capital expenditures considerably greater than the annual depreciation charge. For example, we spent more than $10 million in each of the years 1959 and 1960 on ship construction. During 1961 we will complete at a cost of some $8 million the presently authorized ship-building program.

The low banana prices in 1960 continued into the first quarter of 1961. The severe cold weather during January and February — which was record breaking in many parts of the United States — created serious quality problems in the bananas grown in northern portions of Central America. As a result, our after tax earnings for the first quarter of 1961 are down to $170,000 or two cents per share. Both February and March were better months than January and I am glad that our operations are on the profit side of the ledger despite weather problems and prices.

As outlined later in these remarks, we are doing some constructive things to improve earnings with particular attention to lowering costs, but nevertheless we must be prepared for a difficult year in 1961. Competitive imports are substantial keeping pressure on prices and profits continue to be unsatisfactory. Our future dividend policy will have to weigh these and other factors during this difficult period.

We have been giving a great deal of thought to possible ways to stimulate demand and sell larger quantities of bananas at better prices. Under the direction of Mr. Fox — who joined us on February 1st — we are going to make an intensive effort to find new and more effective sales techniques.

I would like Mr. Fox to say a few words about this a little later.

Ecuador

Ecuador is the largest single factor in the banana business today, and it is estimated that it is producing in excess of 50,000,000 stems annually. Bananas exported from Ecuador have increased from 8,000,000 stems in 1951 to almost 36,000,000 in 1960. The great increase in production has been made possible primarily by the opening of new roads throughout the country and the easy availability of port facilities. The Government of Ecuador has been active in helping these developments — and we understand that the economy of Ecuador has improved very substantially as a result. At the same time, however, this development has resulted in a tremendous surplus of bananas, produced very cheaply, which are available to anyone. It makes it possible for exporters, with no substantial investment in

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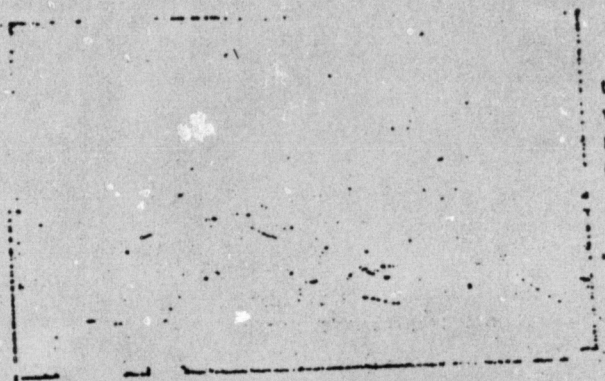

Company officers and others present at Annual Meeting

facilities, to market bananas when prices are high and stay out of the market when prices are low.

Under these circumstances a fair question might be: "Since Ecuador provides the greatest number of bananas and at a low cost, why doesn't the United Fruit Company buy its entire output from that country?" There are several reasons why the Company does not do this. In the first place, if we were to buy entirely in Ecuador it would mean shutting down our producing divisions in Central America — which I do not favor doing. Also, the history of the United Fruit Company down through the years has demonstrated the wisdom of having several sources of supply. Thus, while plant disease, blowdowns, labor problems or political difficulties might crop up in one area, the Company would still have other sources of supplies.

It is our hope that the close attention we are giving to costs, our developments in research and new techniques in handling will enable us to utilize — rather than close down — our large investments in various Central American republics. Also, Central America has an inherent advantage over Ecuador for most of its exports because it is located closer to the markets and does not have the delays and tolls involved at the Panama Canal, with resultant lower transportation costs. If we receive fair and equitable treatment and are not subjected to discriminatory and burdensome legislation, we believe that we can continue to operate in most Central American countries on an economical basis.

Production

I can give you an encouraging report on blowdowns. For a number of years in a row, we had excessive blowdowns that have robbed us of large banana production which we should have been able to market. The record with respect to losses by blowdown in 1960 was considerably better than it was in 1959, which helped put our U.S. and Canada sales figures back to the levels at which they had been before this series of catastrophes. The results to date for 1961 are better than for the same period in 1960.

I am pleased to report that the weights per stem of fruit shipped to the United States and Canada have increased 5 pounds per stem over the previous year, as a result of our new spray techniques.

Associate Producers

Our Associate Producer program is moving forward. As you know, it is our policy to become more and more a purchaser and merchandiser of fruit with decreased emphasis on the operation of farms but with a continuing role as technical adviser to and purchaser from the nationals in the various countries who will own or operate the farms producing the bananas. Our progress in this Associate Producer program is substantial: the transition was completed in Ecuador during 1960, was completed in Colombia during the early part of 1961 and these two countries added to the Dominican Republic, make three countries in which the transition has now been accomplished. We are working on the program in other countries but to our surprise we are finding resistance in some areas despite great popular support for such a program over the past many years.

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Future Plans

While the situation confronting the Company is serious and difficult, we are doing everything we can. A major effort to reduce costs has been under way for some time. Significant annual cost reductions have been made in the tropics and we believe that more can be accomplished. This is one of the results achieved by the General Manager of the Tropical Banana Divisions — an office created in the tropics last year. A major reorganization and realignment of Company functions, particularly in this country, is now in progress and we hope that substantial costs savings can be realized.

We are pleased to announce production of a new banana which is an important improvement over the Lacatan banana which we discussed last year. This new banana is resistant to Panama disease, is an even better producer than the Lacatan and is less susceptible to wind damage and blowdown because it is low growing and more sturdy. The results so far obtained in the production of these new bananas are more encouraging and we plan to accelerate its production. Since it takes almost a year to produce a crop of bananas and we have to grow our own seed beds for these new types, it takes a long time to get sufficient production to make a really significant market test of the sales appeal of this new type of banana. By modern techniques developed on our plantations, we can multiply our seed production each year by a multiplier of at least five so that for each acre of resistant bananas we have in 1960 we can have five acres in 1961, twenty-five acres in 1962, one hundred and twenty-five acres in 1963, and so on in geometric progression. We have had to start from a small base because, as you know, prior to 1960 the Company made no substantial effort to grow the Panama disease resistant bananas except in experimental quantities. I wish expansion could be done more rapidly but nature does not grow these crops any faster than this.

We believe the production of these resistant bananas, in areas already developed and where we are presently operating, is a better alternative than the abandonment of many millions of dollars invested in facilities on lands where Gros Michel bananas can no longer be grown because of Panama disease. In the production of resistant bananas, we will not be burdened with the staggering costs resulting from the early abandonment of lands infected with Panama disease. However, before we are sure that this is the answer, we must have adequate market tests to find the reaction of jobbers, retailers and consumers to the new banana. This whole area is of great importance to our Company during the transition we are now making.

Boxing

At year-end 1960, we had had about six months' experience in our experiments with boxing bananas in the tropics and shipping them in boxed form to the markets in the United States. This is the first time in the history of the Company that anything like this has been tried and we had to start from scratch. We have gained a great deal of experience and are convinced that this is the future of the banana business. The techniques of handling bananas in a box are not easy because the fruit has to ripen uniformly in the box. There must be quality control of a highly

Reproduction of color slides shows one type of container developed for tropical boxing program. Note excellent appearance of fruit.

DX 469

~~PX 449~~ 1199A

B-4-Gua
~~B-4-Co~~

1730

MEMORANDUM

February 7, 1961

Mr. A. E. Carpenter
Dr. J. E. Hobson

Re: Turbo

In addition to the customary financial analysis of the economic potential of a development at Turbo, there is an interesting economic analysis in contrasting Turbo with some of our northern divisions, such as Honduras and Bananera. For example, if (as is probably the case) these two divisions can only exist in the future on the basis of planting Variety bananas and if these bananas are somewhat more susceptible to cold weather than the Gros Michel and if, in addition, tree-stale fruit is a problem for at least two months of the year, the question arises as to whether we can invest money better in Turbo or whether it is better to use currently depreciated assets in these two divisions growing Variety bananas and expecting to have difficulties during the months of the year mentioned. At my suggestion Dr. Hobson is asking Dr. McPherson to come to Boston to make a study of the comparative advantages of Turbo versus divisions in Honduras or Guatemala. Obviously, the new rail rates that are imposed on us by the court decision in the Ripley case must be considered in determining the economics of banana shipments from either division in Guatemala.

It is the purpose of this memorandum to ask Mr. Carpenter to make available to Dr. Hobson and Dr. McPherson some assistance in making the necessary financial analysis required for this comparative economic study.

While I have mentioned Honduras and Bananera specifically in the above paragraphs, I think perhaps we should have some consideration given to Tiquisate also -- both on a basis of shipments over I.R.C.A. after we are freed from the present railroad contracts (i.e., about 1963) and also on a basis of shipments from a Pacific port.

Thomas E. Sunderland

DX 472

~~PX 448~~ 1200A 8-4-Gua

1229

MEMORANDUM

February 6, 1961

Mr. R. O. Miller:

Re -- Bananera

I think it is appropriate that in the very near future you prepare your recommendations as to a final plan for Bananera. The recent decision of the Court of Appeals in New York in the Ripley case of course added cost burdens to Bananera and makes it very doubtful whether we can make money in the further operation of that Division. In any event, certainly the question has been raised seriously and should be considered very carefully at this time.

Thomas E. Sunderland

TES:VL

DX 473

1201A

Retype of DX 474

DX 474 DEFENDANT'S JAN 29 1974

P-9.1

DOMESTIC SERVICE

WESTERN UNION

TELEGRAM

W. P. MARSHALL, PRESIDENT

1206 (1-60)

INTERNATIONAL SERVICE

FULL RATE

LETTER TELEGRAM

SHORE-SHIP

February 16, 1961

Mr. Frank I. Tennyson
International Railways of Central America
15 Exchange Place
Jersey City, N. Y.

Regret advise sudden death today James McGovern. Have advised Haase.

Thomas E. Sunderland

DX 474

Retype of DX 475

12021

P-9-1

DEFENDANT'S
DX 475
JAN 29 1974

February 16, 1961

Mr. Walter B. McGregor
70 Market Street
Manchester, New Hampshire

Dear Mr. McGregor: Arr. 2/23/61 *

In preparation for the Annual Meeting of Stockholders of International Railways of Central America, the Board of Directos undoubtedly will soon be considering and preparing a list of management nominees for the Board of Directors of the company for the forthcoming year.

In view of the recent decision of the Court of Appeals of New York in the Ripley case, it would seem that certain members of the Board of Directors of I.R.C.A are regarded as "nominees" of this company. We believe this view to be erroneous but nevertheless desire to set the record straight at this time so that no future misapprehension can exist in anyone's mind in the future. This Company has no nominees which it desires to have on the Board of Directors of I.R.C.A. This company will take no part whatever in the selection of any nominees for the Board of Directors. It is our request that you and each other member of the Board of Directors of I.R.C.A. nominate only such Directors as in your opinion are best qualified to run the affairs of I.R.C.A. for the benefit of all stockholders, and we desire that no one be continued or elected because of some feeling that it will be agreeable to the United Fruit Company or even desired by the United Fruit Company.

A duplicate of this letter is being sent to each member of the Board of Directors of International Railways of Central America.

Very truly yours,

(Signed) T. E. Sunderland

Thomas E. Sunderland

DX 475

* handwritten

Retype of DX 477

12037A

COMPANIA AGRICOLA DE GUATEMALA
Office of the Manager

DX 477
DEFENDANT'S
JAN 29 1974

Tiquisate, Guatemala
August 5, 1960

Mr. R. A. Holcombe
Armuelles, Panama

Dear Mr. Holcombe:

Please refer to your Circular No. 2 dated July 29th received today in connection with the leasing of Company farms to Associate Producers.

The proposed project for Compañía Agrícola has not been formally explained to the Government. However, as you know, Mr. Sunderland's statement on the Company's policy to lease banana farms to nationals was given wide publicity in press releases in this country in April, so it is fairly common knowledge; and many of the Government officials know such a project is being studied.

At the last meeting in the City with you and Mr. Folsom, it was decided that Mr. Folsom would prepare a statement concerning Compañía Agrícola's economic position and projected program for leasing of the existing farms to nationals. At an opportune time, this statement would be handed to the Ministro de Gobernación and Ministro de Trabajo. It was agreed that it would be better to wait until after Bananera had completed the spin-off of two existing banana farms, which would help to strengthen our position.

With "Marital Law" decreed, everything is ostensibly quiet. The first six months of this year, relations between the Company and the Union Directiva were good. Recently they have been very demanding and actively fomenting sporadic work slowdowns on the farms. Much of this could be tied in with the political atmosphere. We have reliable information that the STET Union Directiva is actively working behind the scenes to stir up trouble to try and block the leasing of the farms. I understand that they have prepared a "Pliego de Peticiones", which will be presented to management when "Marital Law" is lifted, in lieu of conciliating their complaints in the customary manner.

DX 477

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Also if these complaints are not solved to their satisfaction, there is talk that a strike will be called. While I have no facts to substantiate the foregoing, this is the way the situation appears to be shaping up. It is fairly certain that we can expect trouble from the Union.

I shall keep all concerned informed of any further developments.

Yours very truly,

W. T. van Diepen

cc: Mr. T. E. Sunderland/
Mr. L. S. Sisto
Mr. V. C. Folsom
Mr. R. O. Miller
Mr. C. E. DeLawder

DX 477

DEFT EXHIBIT
JAN 29 1974
~~PX-115~~
D x 478
1205A

MEMORANDUM

February 6, 1961

Ref 2/1/61

Mr. R. O. Miller:

Re -- Tiquisate Division

Reference is made to your memorandum of December 15th in the above matter indicating the need for prompt action to avoid land reform legislation in Guatemala. I assume that the action taken by the Executive Committee heretofore has been adequate to handle the rush problem you mention. If this is not the case, please advise me promptly so that whatever necessary action is required can be taken immediately.

We need to develop promptly a long-range plan with respect to Tiquisate, particularly in view of the decision of the New York courts in the Ripley case. I think this analysis should be made soon and a decision reached as to what we plan to do. This should not be held back pending some hoped for favorable sale of the stock of the I.R.C.A. or any assurances by the Government of Guatemala or others that rail rates will be adjusted to enable us to continue this Division.

Thomas E. Sunderland

TES.VL

D& 478

~~PX 317~~ Dx479 /206 A

January 25, 1968

Mr. Louis Yaeger
72 Wall Street
New York, New York

Dear Mr. Yaeger:

The newspaper clippings from Guatemala forwarded with Mr. Lesley's letter of January 22, 1968, are note worthy for the following reasons:

1. The demonstration that the Government of Guatemala is now openly carrying on a press campaign against the I.R.C.A. indicating that legal procedures will be followed to obligate the I.R.C.A. to resume operations in Guatemala, or be faced with court demands for violation of it's contract with the Government of Guatemala. This court action could result in liquidation of the railroad assets in Guatemala through a forced sale by auction to the highest bidder of all property including lands, rolling stock and machinery located in Guatemala.

2. The statements made in the paid advertisements appearing in the newspapers on January 20, 1968, are not correct in all their details. Payments of construction subsidies, transfer of property titles, etc. agreed to in the original contract were modified in subsequent contracts, these modifications are not mentioned in the Government press releases.

3. No mention is made of the fact that the Government owes the Railroad $400,000.00 for services rendered, which by contract it is obligated to pay, i.e. contract establishes that Government will pay for services rendered to it by Railway.

4. It is note worthy that a Mexican Railway Union representative is in Guatemala to advise and assist the Union (S.A.M.F.) in reaching a solution to its problems. This Mexican Railway Union is affiliated with the International Transport Workers Federation - a British based Union - not a U.S. railway union. This man, Joaquin Otero, has been in Guatemala before, he is strongly anti-U.S. business, and a very eloquent demogogic speaker.

DX 479

1207A

5. The court order referred to in all of these clippings, ordering the resumption of railroad services within a ten day period dating from January 20, 1968, ordered the employees of the I.R.C.A. to return to work within the same period of time. This point is not mentioned in any of the attached clippings.

Very truly yours,

M. D. Cure
Executive Vice President and
General Manager

MDC:my

DX 479

12084

FERROCARRILES INTERNACIONALES DE CENTRO AMERICA

DIVISION DE EL SALVADOR

~~PX 343~~ DX 483

PF-10-A DEFENDANT'S JAN 28 1974

SAN SALVADOR, EL SALVADOR, C. A.

February 6, 1968

To: Mr. Louis Yaeger

From: M. D. Cure

In reply to your letter of February 3rd, regarding the reported naming of an interventor to manage the railroad in Guatemala, particularly the clipping from the New York Times, Guatemala date line of January 31st..

As I have reported to you in my notes on the Guatemala situation, and on telegraphic and telephonic reports to Mr. Weber, this interventor, or receiver, has not been installed yet. There are a number of legal matters to be cleared up before the Courts can place the Company in receivership in Guatemala. I have checked this point this morning, talking by telephone with Mr. Lesley and Lic. Palacios, and have confirmed the foregoing.

The Union is busily circulating rumors and making public statements regarding the naming of a receiver and are actively supporting the man whom the courts are supposed to designate,,if and when all legal processes have been complied with. This man, named Alfonso Portillo Paiz, is a former employee of the Auditing Department of the I.R.C.A. in Guatemala, and was very active, along with a man named Morales Cubas, in Union activities during the Arévalo and Arbenz administrations, in other words, he is definitely anti-company, and anti-United States in his political orientation.

If the project being discussed with top-government authorities to obtain financing for I.R.C.A. is concluded favorably for the Company, then the matter of receivership will presumably be dropped.

I hope to be able to obtain an audience with the President of El Salvador within a few days, and will, of course, advise you as to the outcome of the meeting.

Yours very truly,

M. D. Cure

M. D. Cure,
Executive Vice President

MDC:cmg
rf-pc
cc: Mr. Frank I. Tennyson - New Jersey
Mr. Abraham K. Weber - New York

DX 483

JAN 28 1974

DEFENDANT'S

PF-10-A

DX 486 #/1209A

RECEIVED
APR 25 1969
I. R. C. A.
NEW JERSEY
OFFICE

April 23, 1969

TO: Mr. Louis Yaeger
Mr. Abraham K. Weber

FROM: M. D. Cure

SUBJECT: Guatemala Situation

1. Ordinary Civil Suit - Government versus I.R.C.A. Matter seems dormant at moment, probably pending outcome of our requested interview with President Mendez Montenegro which was cancelled last week due to death of Lic. Emilio Arenales, Foreign Minister of Guatemala and President of United Nations Assembly. Request for new date for interview has been made but do not expect any development until after the conference of the Bank for International Development, being held this week in Guatemala, is terminated.

If we cannot make any progress in our conversations, or attempted conversations, with President Mendez Montenegro, serious consideration should be given to presenting a formal request for arbitration under the operating contract of 1904.

2. [illegible] court action against the I.R.C.A. brought by Labor Union in Guatemala Labor Court for severance pay and other items. As of today, the I.R.C.A. has no official notification of this suit nor the exact contents of the demand. We have reliable information that the Labor Court judges have been in consultation with the Supreme Court in Guatemala regarding certain aspects of this suit, particularly the matter of placing a precautionary lien on I.R.C.A. property in El Salvador to guarantee payment of labor demands being brought against the I.R.C.A. in Guatemala; and that the case has been assigned to the Second Labor Court in Guatemala for handling. However, the Judge in charge of this court appears reluctant to handle the case and possibly has doubts as to the legality of the suit as presented.

The Labor Union reportedly is becoming impatient and attempting to bring pressure on the Judge to take action.

The Government of Guatemala does not seem interested in pushing this matter at the moment, perhaps because there is no desire to become involved with the Government of El Salvador over the question of liens on property in El Salvador, or perhaps awaiting outcome of direct negotiations between the Government of Guatemala with the I.R.C.A. over final disposition of I.R.C.A. property in Guatemala not covered by Trust Fund mortgage foreclosure.

DX 486

. . . 2

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3. FECUA appears to be following the program we had worked out several years ago to reduce operating expenses and improve income in Guatemala; so far the following has been done:

a) Elimination of mixed trains operated at night; operating scheduled trains during day-light hours only;

b) Cancellation of scheduled trains on San Felipe branch and San Antonio branch. Operating extra trains on those branches when business offers;

c) Reschedule of trains between Guatemala and San José as well as between Mazatenango and Champerico to eliminate necessity to tie up engines and train equipment at San José and Champerico at night;

d) Pay separation to all excess personnel resulting from all the above changes in train operation on a deferred payment plan extending over two years in some cases;

e) Eliminate overtime at stations and terminals as result of changes in train operation;

f) Build rail connection into the Port of Santo Tomás (formerly called Matías de Galvez). This track is expected to be ready for service in June of this year;

g) Some reorganization of staff employees has been made, mostly elimination of officials whom Union has attacked for years. In this field FECUA has shown a tendency to let the Union dictate policy and has not realized full possibility in payroll saving.

4. FECUA is still having difficulty in meeting payroll and paying for material requirements out of earnings. Payroll commitments are not being met on schedule, but so far there have been no strike threats.

It is not clear where money to cover operating deficit and severance pay requirements is coming from. Attempt to saddle I.R.C.A. with at least part of severance pay is possible.

FECUA has purchased all the 150-200 class steam locomotives owned by United Fruit Co., which were stored at Bananera and is cannibalizing these units to get spare parts for the steam locomotives they have in service in Guatemala.

DX 486

1211A

5. Import - Export movement through Barrios to and from El Salvador is now running about thirty per cent of normal for this time of the year. Shippers here lack confidence in rail service as a result of all the strikes and stoppages which have occurred over the past two years. This is adversely affecting both El Salvador and Guatemala revenues seriously.

The principal benefactor from this situation has been the port of Acajutla in El Salvador, for both El Salvador and Guatemala freight.

6. Electoral campaign is getting under way in Guatemala, elections for President and Congress will be held in March 1970. The principal candidates for President are:

a) Lic. Mario Fuentes Pieruccini, at present Minister of Finance, he has the support of the Revolutionary Party (Official Party of Present Government);

b) Lic. Lucas Caballero - former Minister of Finance in previous administration, he has the support of the Christian Democrat party, is anti-foreign, anti-private enterprise and extreme left, also a real demagogue; and

c) Col. Arana, former chief of Zacapa Military Zone, who was successful in controlling guerrilla activity in that area prior to his transfer to Nicaragua as Ambassador to that country. If the conservative element consolidates its forces in support of Col. Arana, there is a strong possibility he can win the election, otherwise, the candidate of the Official Party appears to have the best chance.

M. D. Cure,
Executive Vice President

MDC:cmg
cc: Mr. Frank I. Tennyson
rf-pc

Dx 486

~~PX 1446~~ 212A

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11

MEMORANDUM

May 1, 1963

Mr. J.M. Fox
Mr. V.C. Folsom

Re: IRCA - Tiquisate Division

Please bring me up to date at some convenient time as to where we stand on our request that IRCA quote us some new and competitive rates from Tiquisate to Puerto Barrios.

I think we should be quite insistent in our follow-up and make them give us a turn-down if that is going to be the case, so that we will be building a written file of our reasons for having to discontinue banana planting in Tiquisate. If, on the other hand, they do quote competitive rates that allow us to extend the life of our division in Tiquisate, then that is a very good development in and of itself.

T.S.

Thomas E. Sunderland

TES/ob

DX 491

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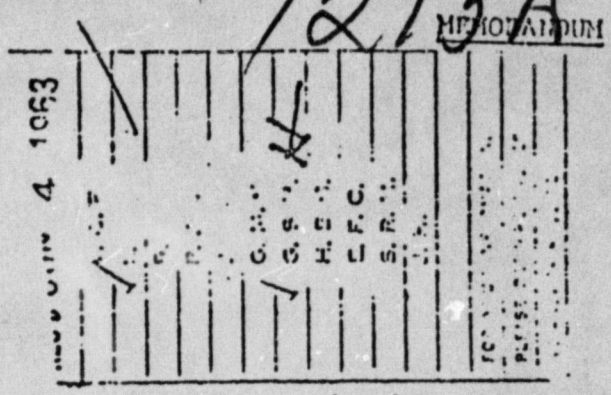

June 3, 1963

Mr. J.M. Fox
Mr. V.C. Folsom

Re: IRCA - Tiquisate Division

The recent receipt of a formal letter from IRCA advising us that in their opinion our legal or contractual arrangements for the Tiquisate Division did not expire December 31, 1962, but that we continue to be bound by our contract, brings to mind my memorandum to the two of you dated May 1, 1963, copy enclosed.

The recent formal legal notation from IRCA was forwarded to Mr. Folsom for his comments, advice, and the preparation of a proper answer. I suggest that my May 1 memorandum be considered at this same time, and I think perhaps the three of us should have a brief conference as soon as Mr. Folsom has finished his study.

(Signed) T. E. Sunderland

Thomas E. Sunderland

Attachment

DEFENDANT'S

JAN 30 1974 DX 492

1214A

P-4-3
x0-9.1

UNITED FRUIT COMPANY

GENERAL OFFICES, 30 ST. JAMES AVENUE
BOSTON 16, MASSACHUSETTS

THOMAS E. SUNDERLAND
PRESIDENT

TELEPHONE
HUBBARD 2-9700

June 10, 1963

Mr. Harold W. Haase, President
International Railways of Central America
Jersey City, N. J.

Dear Mr. Haase:

I have your letter of May 29, in reply to the letter sent to you by Mr. DeLawder, Manager of Compania Agricola de Guatemala, under date of May 24, 1963.

In your letter you refer to "a new plan of shipments by Compania Agricola commencing June 15th by truck to the Mexican border and thence via the Mexican Railways to the United States".

As pointed out in Mr. DeLawder's letter, the shipments in question will be made by IBAC, Inc., which is to purchase the bananas in question from Compania Agricola de Guatemala at the doors of trailers owned by IBAC, Inc. at appropriate delivery points in or near the Tiquisate area.

Your letter also states:

> "I must reiterate the position of IRCA in its contractual relationships with United Fruit and Compania Agricola, to wit, that United Fruit and Compania Agricola are obligated to make all shipments including their produced or purchased bananas exclusively over the lines of IRCA to January 1, 1968 at least."

The only contractual obligation of Compania Agricola de Guatemala to make shipment over your lines is contained in paragraph 1 of the "Agreement between International Railways of Central America and Compania Agricola de Guatemala Relating to Construction of Port on Pacific Coast" dated May 18, 1948. That paragraph provides:

> "1. That until January 1st, 1963, the Guatemala Company (Compania Agricola de Guatemala) will exercise its rights under existing contracts with the Government of Guatemala to build a port on the Pacific seaboard only at such time and in such manner as shall be agreed by the International Company (International Railways of Central America) and the Guatemala Company in their

DEFENDANT'S
JAN 30 1974

1215-2A

mutual interest; and also that during the said period the Guatemala Company will use the main lines of the International Company to transport its bananas and to carry its imported materials and supplies under such arrangements as the parties hereto may agree upon from time to time."

This obligation, as the contract plainly states, expired by its terms on January 1, 1963. That the obligation so expired on that date was expressly stated by your counsel in the "Memorandum for International Railways of Central America on Settlement of the Judgment" submitted to Referee Hammer in the Ripley case under date of November 13, 1957. At page 7 of that memorandum your counsel stated:

> "Under one of these contracts (PX 32), Agricola must ship its west coast bananas over IRCA lines until January 1, 1963 and during such period may not construct a port on the Pacific side of Guatemala."

PX 32 is the same contract of May 18, 1948 which is quoted above.

At page 12 of the same memorandum it is stated:

> "United Fruit continues to ship via IRCA and the management of IRCA hopes this business will continue for many years. By contract, it must continue until 1963 so far as west coast bananas and imports are concerned."

Under these circumstances, and in line with previous advices, Compania Agricola de Guatemala cannot recognize any obligation since January 1, 1963, to make shipments exclusively over your lines, and cannot recognize any claim for breach of contract arising out of the arrangements with IPAC, Inc.

If, however, you or your counsel can cite to us any actual contractual provisions upon which you rely for the statement that Compania Agricola is obligated to make shipments exclusively over your lines "to January 1, 1968 at least", we should be glad to have and to consider them. We fully share the sentiments expressed in the last paragraph of your letter as to the desirability of maintaining the best relationship possible with your company. We intend, however, to proceed with the arrangements outlined in Mr. DeLawder's letter of May 24, 1963.

Yours very truly,

Thomas E. Sunderland

Dx 495

DX 496
~~DX 67~~

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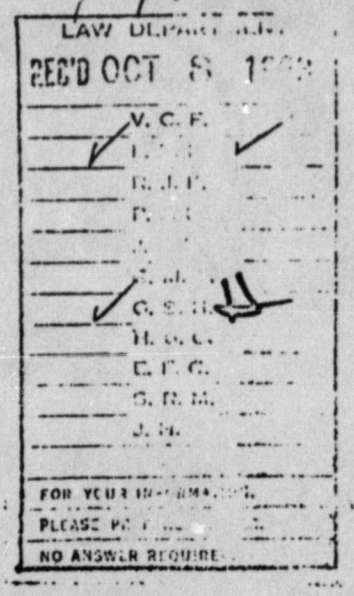
2152

COVINGTON & BURLING
UNION TRUST BUILDING
WASHINGTON 5, D. C.

REPUBLIC 7-5900

October 7, 1953



Mr. John M. Fox
Executive Vice President
United Fruit Company
30 St. James Avenue
Boston 16, Massachusetts

Dear Mr. Fox:

I enclose for your file a final draft of my memorandum of the conference with Mr. Chalk and his associates on Monday, September 30.

Sincerely yours,

George Blow

klc
Enclosure
cc: Mr. Joseph H. Roddy
Laurence K. Hawkins, Esq.
Hugh B. Cox, Esq.

DX 496

1217A

CONFIDENTIAL. PREPARED BY COUNSEL FOR USE IN CONNECTION WITH COMPLIANCE WITH THE JUDGMENT ENTERED IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF LOUISIANA - UNITED STATES OF AMERICA v. UNITED FRUIT COMPANY, C.A. No. 4560

October 4, 1963

Memorandum of Conference at the Offices of O. Roy Chalk in the Seagram Building, 375 Park Avenue, New York City, on Monday, September 30, 1963

The following met at approximately 11:45 a.m. in Mr. Chalk's office: Mr. John M. Fox, Executive Vice President, United Fruit Company; Mr. Joseph H. Roddy, Vice President, United Fruit Company; Mr. George Blow, Covington & Burling; Mr. Irving M. Buckley, a director of International Railways of Central America and of Transportation Corporation of America; Mr. Emil Rogers, a director of International Railways of Central America and of Transportation Corporation of America, and General Counsel of Transportation Corporation of America.

Mr. Harold Hasse, President of International Railways of Central America, joined the meeting approximately 15 minutes later.

Mr. Fox introduced Mr. Roddy as Vice President of United Fruit Company responsible for developing a plan

DX 496

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of compliance with the consent judgment entered by the United States District Court for the Eastern District of Louisiana in 1958. Mr. Chalk had in hand a copy of the consent judgment. He indicated that he understood that any sale of banana producing divisions by the United Fruit Company would, in order to constitute compliance with Article VIII of the consent judgment, require the approval of the Court.

Mr. Fox stated that the Company had confidence in the Guatemala Division of the Company (Bananera) as a good low-cost producer and would consider the sale of this division only as a part of a plan of compliance with Article VIII of the consent judgment. The sale of the assets of Compania Agricola de Guatemala (Tiquisate) might be considered apart from such a plan.

Mr. Chalk indicated that his interest in banana producing properties was limited to Guatemala. Despite some political uncertainties, he had a railroad and was prepared to invest some "good money after bad."

At this point, Mr. Roddy observed that the Company had projected a production of between 5 and 6 million stems on 15,000 acres in Bananera by 1968. Of Tiquisate, Mr. Roddy remarked that "the land is there." Mr. Fox added

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that the Company owned 30,000 acres of good banana land in Tiquisate.

Mr. Chalk then observed that "we" were "a natural customer" for the Guatemala properties "if we were interested -- and we are interested." He stated that he was aware that United Fruit Company had problems with Tiquisate. (Later on during luncheon Mr. Fox informed Mr. Chalk that the Company had lost in the neighborhood of $1 million on Tiquisate last year.) However, Mr. Chalk explained that "we need the freight business" and also look forward to a profit on bananas. Given the time, it was his opinion that the combined production of the two divisions could be brought up to 9 million stems.

Referring to the consent judgment, Mr. Fox pointed out that any proposal would have to be discussed with the Department of Justice before it was submitted to the Court. Mr. Rogers agreed.

Mr. Chalk then turned to Paragraphs B and C of Article VIII of the consent judgment. He said of Paragraph B that this paragraph necessarily called for "a real money negotiation" and that his interest was in buying "cheap." He is interested in Paragraph C, which provides for the "transfer of a partial interest in the New Company to an Eligible Person who invests not less than $1,000,000 in the New Company and distribution to the stockholders of United

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of the remaining interest in the New Company . . . ." Mr. Chalk added that he was talking about a figure much larger than $1,000,000. Mr. Roddy observed that he would require much more for management control. Mr. Chalk stated that he wanted actual control and that he would regard between 10 and 15% of the stock of the New Company as a maximum. Fifty-one per cent would be a maximum.

Mr. Fox then asked Mr. Chalk whether a New Company under his management would wish ships from United. Mr. Chalk stated that he was "interested, but possibly not in what you have." He added that he wanted new ships, and "might take the best" of United's modern fleet. He would not want any of the older ships. Furthermore, he would want only ships flying a foreign flag. He concluded by stating that he was thinking of two modern ships from United. Additional shipping would be chartered -- perhaps from United if United's charter rates were competitive.

There followed some discussion of the feasibility of air transportation of bananas from Guatemala to the United States. Mr. Chalk's two aircraft will carry 90,000 pounds. The direct cost of operating each airplane one way is $4,500. Mr. Buckley made a mental calculation and informed all present that this represented 1/2 cent per pound. Taking into consideration the return trip, the cost would be one cent per

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pound. However, it appears that the calculation was in error and that the correct figures should be 5¢ and 10¢ per pound respectively. By way of comparison, the cost per pound for ocean transportation from Puerto Barrios to New Orleans is approximately .6¢ per pound and from Puerto Barrios to New York City is slightly over one cent per pound.

Mr. Fox asked Mr. Chalk how he would staff the New Company. Mr. Chalk smiled and stated that he would require a few "top men" such as Mr. Fox and others from United. He would be inclined to retain the present personnel in Guatemala. Mr. Chalk asked whether the New Company could enter into consulting contracts with officers or employees of United. Mr. Fox indicated that this would not be possible under Article IX(1), which provides that no officer or employee of United "shall . . . have any employment or contractual relation with the New Company or Eligible Person directly or indirectly," after United has complied with Article VIII. (Paragraph E of Article VIII calls for compliance "with reasonable promptness but in any event not more than four (4) years after final approval of the plan.") Mr. Chalk then stated that the New Company would, in his opinion, require a nucleus of trustworthy and technically able men. However, the New Company would not retain the

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services of "the oldsters" in United. Asked specifically about marketing, Mr. Chalk stated that "there we would need some assistance -- no question about it." After Mr. Fox had explained briefly some of the marketing problems peculiar to bananas -- emphasizing the perishability of the product -- Mr. Chalk again stated his opinion that the New Company would need a "fair share" of United's distribution system. Mr. Fox asked Mr. Chalk whether he contemplated marketing Guatemala bananas on the West or East Coasts or on both. Mr. Chalk said that he would eventually expect to market the bananas nationally. However, most of the contacts which will be important to him in marketing the bananas are in the East. For this reason, he would probably import bananas to the East Coast initially.

Mr. Fox explained to Mr. Chalk that a conveyor system for Tiquisate bananas could be built on the West Coast of Guatemala for roughly $2 million. United is precluded by contract with the Government of Guatemala from building such a conveyor system. Although the Government of Guatemala would raise no objection to United's opening a port on the West Coast of Guatemala, the cost of doing so would range between $10 and $12 million. Mr. Chalk simply stated that if one or the other appeared to be desirable, "we would consider it."

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Mr. Chalk then turned to Mr. Fox and inquired: "You are making money in the banana business?" Mr. Fox replied that the Company was not making enough. Mr. Chalk remarked in an amused manner that no business ever made enough. Mr. Fox made it clear that in his opinion United was not making an adequate return on its investment.

Mr. Chalk then suggested that there was "not too much competition." Mr. Fox informed him that this was not so; that Standard was strong and that three or four importers were working out of Ecuador, including Ecuadorian and West Indies.

Mr. Chalk asked Mr. Fox whether United wanted to sell Tropical Radio Telegraph Company. Mr. Fox replied in the negative.

Mr. Chalk then suggested that it might be helpful to make some computations which would yield a rough approximation of the value of the New Company with the two Guatemala divisions and related assets, including ships, marketing facilities and working capital. Referring to the annual report of United for 1962, it was estimated that the Company has approximately $3 hundred million in assets (book value); that roughly 2/3 of this figure can be attributed to the banana business of the Company; and that, in terms of production, a New Company producing 9 million stems would

represent approximately 25% of United's present production. Mr. Chalk reasoned that 25% of $200 million indicated a $50 million "book deal." Assuming that the market value of the Company is approximately 25% less than book value, he reduced this figure to $40 million on a market basis. Mr. Fox made the next calculation, applying 15% to $40 million and suggesting to Mr. Chalk that the cash contribution by the Eligible Person would come to approximately $6 million. Mr. Chalk replied: "That's right."

Mr. Fox then asked Mr. Chalk who would finance this investment. Mr. Chalk indicated that his interests might be in a position to put up $1 million in cash. He hoped that United would "take some paper" for the balance. Mr. Chalk emphasized that the New Company under his management would be a vigorous competitor. He indicated, however, that it might be difficult to find a lender outside of United. On the other hand, it was unclear what security Mr. Chalk would be prepared to offer for this loan. Presumably the Department of Justice would object to a loan secured by a controlling interest in the New Company represented by the whole of the number of shares acquired by Mr. Chalk. Even if acceptable to the Department, Mr. Chalk indicated he would be acquiring the 15% interest in the New Company through another vehicle than International Railways of Central America

and would not be in a position to commit his stock in the railway as security.

During luncheon, Mr. Fox asked Mr. Chalk: "Where do we go from here?" Mr. Chalk suggested that there were three areas to explore.

1. "What are we buying?" Mr. Fox agreed that we would assemble information concerning Bananera and Tiquisate for Mr. Chalk's study.

2. "What formula is equitable?" Mr. Chalk made it clear that he would bargain hard on price.

3. When should a preliminary approach be made to the Department of Justice? It was agreed that an approach should not be made until Mr. Chalk has had an opportunity to study the data to be furnished to him and until all parties have conferred with counsel.

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DEFENDANT'S
EXHIBIT
U.S. DIST. COURT
S.D. OF N.Y.
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IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA,

Plaintiff,

v.

UNITED FRUIT COMPANY,

Defendant.

Civil Action No. 4560

U. S. District Court
Eastern District of Louisiana
Filed Feb. 4, 1958
A. D. O'Brien, Jr.
Clerk

FINAL JUDGMENT

Plaintiff, United States of America, having filed its complaint herein on July 2, 1954, and its amended complaint herein on January 12, 1956, and defendant, United Fruit Company, having appeared and having filed its answer to the amended complaint on February 10, 1956, denying the substantive allegations thereof, and plaintiff and said defendant having severally consented to the making and entry of this Final Judgment without trial or adjudication of any issue of fact or law herein and without admission in respect to any issue;

NOW, THEREFORE, before any testimony has been taken and without trial or adjudication of any issue of fact or law herein, and upon consent of the parties hereto, it is hereby

ORDERED, ADJUDGED, AND DECREED as follows:

I

This Court has jurisdiction of the subject matter hereof and of the parties hereto. The amended complaint states a claim upon which relief may be granted against the defendant United Fruit Company under Sections 1 and 2 of the Act of Congress of July 2, 1890, entitled "An act to protect trade and commerce against unlawful restraints and monopolies," commonly known as the Sherman Act, as amended, and under Section 74 of the Act of Congress of August 27, 1894, entitled "An act to reduce taxation, provide revenue for the government and for other purposes," commonly known as the Wilson Tariff Act, as amended.

II

As used in this Final Judgment:

(A) "United" shall mean the United Fruit Company, a New Jersey corporation, with principal offices in Boston, Massachusetts, United's subsidiaries, or any of them.

(B) "United's subsidiaries" shall mean all corporations of which United directly or indirectly owns or controls a majority of the voting stock, and which are now or may hereafter be engaged in the American Tropics or the United States in the production, purchase, transportation, processing, handling, distribution, or sale of bananas.

(C) "United States" shall mean United States of America, its territories and possessions.

(D) "Person" shall mean any individual, firm, association, partnership, corporation, company, or other legal or business entity, whether domestic or foreign.

(E) "Jobber" shall mean any person engaged in the business of buying bananas from an importer, processing the bananas and reselling them to other wholesalers who do not process bananas or to retailers for sale to the public.

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(F) "American Tropics" shall mean the area bounded by latitude 25 degrees north, longitude 120 degrees west, latitude 25 degrees south, and longitude 30 degrees west.

III

The provisions of this Final Judgment applicable to United shall apply to United, its officers, directors, agents, servants, employees, subsidiaries, successors and assigns, and to those persons in active concert or participation with it who receive actual notice of this Final Judgment by personal service or otherwise. United is ordered and directed to take such steps as are necessary to secure compliance by its officials, subsidiaries and such other persons, described above, with the terms of this Final Judgment. United and United's subsidiaries shall be deemed for the purposes of this Final Judgment to be one person.

IV

United is enjoined and restrained from engaging anywhere in the United States, directly or indirectly, in the business of ripening, processing and selling bananas, provided, however, that United may continue the present business of Banana Selling Corporation until its liquidation, which shall be completed within nine months from the effective date of this Final Judgment, and provided, further, that nothing in this Final Judgment shall restrain or prohibit United from salvaging, processing and selling to anyone bananas which arrive at a United States port in a ripened or damaged condition or which are damaged at the terminal.

V

United is enjoined and restrained from directly or indirectly:

(A) (1) Entering into, adhering to, or enforcing any contract, agreement or understanding for the sale of bananas which provides that the purchaser must buy from United all or any specified percentage or part of his future requirements of bananas for the United States market;

(2) Entering into, adhering to or enforcing any contract, agreement or understanding for the sale of bananas outside the United States which provides that the purchaser must buy all or any specified percentage or part of his future requirements of bananas from United when a significant portion of said purchases are destined for resale in the United States;

(B) Entering into, adhering to or enforcing any contract, agreement or understanding with any other person:

(1) to refrain from producing or purchasing bananas for sale in the United States, or

(2) to refrain from selling or distributing bananas in the United States, or

(3) to restrict or limit production of bananas for the United States market, or

(4) to restrict or limit the transportation of bananas from the American Tropics to the United States, or

(5) to restrict, limit or prevent the importation of bananas into the United States, provided, however, (i) that the injunctions contained in this Subsection (B) shall not apply to any contract, agreement or understanding with a grower with respect to production by that grower on land owned by United, (ii) that United may specify the area of land the production of which it agrees to purchase from a grower or may limit the volume of bananas which it agrees to purchase from any grower, and (iii) that United may include in any contract for the purchase of bananas provisions that require the grower to follow good agricultural practices such as the maintenance of regular treatment against diseases in areas where United maintains such regular treatment on its own banana cultivations, abandonment or destruction of banana plantings that have become infested with disease, and the thinning out of banana plantings that are too dense for satisfactory growth.

(C) Entering into any new contract, agreement or understanding with any grower of bananas in the American Tropics which gives United the right to purchase all or any stated part of the banana production of the grower for a period longer than five years unless the said contract, agreement or understanding contains a provision permitting the grower to terminate it at any time after five years by giving United written notice six months in advance and by paying to United within said six months (a) any debts which the grower may owe to United, and (b) that portion of the cost to United of improvements made by United on the grower's land for the exclusive use of said land which was not amortized by the date United received the notice of termination; provided, (a) that this subsection (C) shall not apply to any contract, agreement or

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understanding with respect to the purchase of bananas grown upon land owned by United, and (b) that United may require as a condition of termination that the grower permit United to retain for the period agreed upon in the cancelled contract any easements United has over the grower's land at the time of termination.

(D) As to any existing contract, agreement or understanding with any grower of bananas in the American Tropics which gives United the right to purchase all or any stated part of the banana production of the grower that has been in effect for five years or longer, refusing a written request by the grower to cancel upon the same notice and the same conditions as provided above with respect to new contracts.

(E) Extending the term of or renewing any contract, agreement or understanding with any grower of bananas in the American Tropics which gives United the right to purchase all or any stated part of the banana production of the grower for a period longer than one year unless the said contract, agreement or understanding contains a provision permitting the grower to terminate it at any time after one year by giving United written notice six months in advance and by paying to United within said six months (a) any debts which the grower may owe to United, and (b) that portion of the cost to United of improvements made by United on the grower's land for the exclusive use of said land which was not amortized by the date United received the notice of termination; provided, (a) that this Subsection (E) shall not apply to any contract, agreement or understanding with respect to the purchase of bananas grown upon land owned by United, and (b) that United may require as a condition of termination that the grower permit United to retain for the period agreed upon in the cancelled contract any easements United has over the grower's land at the time of termination.

VI

(A) United is enjoined and restrained from, directly or indirectly:

(1) (a) Failing to reveal to its customers in the United States, or to comply with any legal requirement to report to any agency of the United States, a proprietary interest in or control over any person importing into or selling bananas in the United States.

(b) Concealing the fact that it owns, holds or maintains a proprietary interest in or control over a person who is producing or purchasing bananas for export to the United States or who is transporting bananas to the United States.

(2) (a) Acquiring ownership or control of, or any stock or other proprietary interest in, the business of any person, engaged in (i) importing bananas into the United States or (ii) distributing bananas in the United States or (iii) transporting bananas from the American Tropics to the United States or (iv) producing or purchasing bananas in any country in the American Tropics from which regular shipments of bananas are being made to the United States and regularly supplying any of them to any person or persons other than United for export.

(b) Acquiring from any person, engaged in (i) importing bananas into the United States or (ii) distributing bananas in the United States or (iii) transporting bananas from the American Tropics to the United States or (iv) producing or purchasing bananas in any country in the American Tropics from which regular shipments of bananas are being made to the United States and regularly supplying any of them to any person or persons other than United for export, in a single transaction or related series of transactions any assets (other than bananas) which have a fair market value at the time of the acquisition in excess of $50,000 and which at any time within twelve (12) months have been used or at the time of the acquisition are being used in any of the above activities.

(3) Participating in any agreement, arrangement, plan or program with any competitor of United in the importation of bananas into the United States or the sale of bananas in the United States to receive from, exchange with or disseminate to such competitor information with respect to prices to be charged in the United States, or the current supply of bananas in the United States, or the amount of expected imports of bananas into the United States, or the supply of bananas currently available in the American Tropics for importation into the United States; or entering into, adhering to or following any course of conduct, practice or policy of disclosing to any such competitor any such information prior to its availability to the segment of the banana business concerned.

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(4) (a) Holding with any domestic or foreign competitor joint ownership of, or by agreement with such competitor making joint use of, any agency for the purchase, production or sale of any bananas outside the United States for importation into the United States, or for the sale of bananas in the United States.

(b) Acting as a sales or purchasing agent for any other importer or exporter of bananas destined for the United States, provided, however, that this subsection (b) shall not apply to acting as such an agent for any foreign Government or any agency sponsored by a foreign Government.

(5) (a) Participating in the parliamentary proceedings, meetings or deliberations of organizations or associations of United States banana jobbers, dealers or customers of United or of its competitors, or permitting such proceedings, meetings or deliberations to be held on property owned or leased by United; provided, however, that United may meet with delegations, committees or other bodies representing organizations, associations or other groups of jobbers, dealers or customers, and further provided that nothing herein shall prevent United and its representatives from belonging to and participating in the activities of general trade associations whose membership may include but is not restricted to banana jobbers, dealers or customers of United or of its competitors;

(b) Entering into or participating in any contract, agreement, understanding, plan or program with any jobber, dealer or customer of United in the United States to refuse to buy bananas from or sell bananas to any person in the United States.

(6) Coercing or requiring any person in the United States to accept bananas either greater in quantity or lower in quality or at a higher price than such person would otherwise accept, by threatening to refuse to sell him any bananas in the future;

(7) Selling, or offering to sell, bananas in the United States on the condition or understanding that the purchaser comply with United's directions or suggestions as to resale price, terms of resale or place of resale of bananas, or refusing to sell bananas because of the purchaser's failure to comply with such directions or suggestions;

(8) (a) Coercing or requiring any banana jobber or other customer in the United States to use a specified truckman or truckmen selected by United for the purpose of transporting bananas from United's dock at any port of import to said jobber's or customer's place of business;

(b) Penalizing any banana jobber or other customer in the United States for refusing to pay charges fixed, determined or exacted by any truckman or truckmen;

(9) Entering into, adhering to or maintaining any agreement, contract or arrangement with any common carrier by rail or water in the Western Hemisphere which provides that the common carrier will not accord to competitors of United terms, privileges and treatment in the transportation of bananas for sale in the United States or destined for sale in the United States proportionately equal to those accorded by the carrier to United;

(10) Tortiously interfering with the performance of, or intentionally inducing the breach of, any contract related to any phase of the banana business between any of United's actual or potential competitors in the banana business and any grower, transporter, seller or purchaser of bananas, where such interference or breach affects the foreign or domestic commerce of the United States;

(11) Making or guaranteeing loans to, or extending credit to, any person engaged in importing bananas into the United States or in the sale of bananas in the United States; provided, however, that nothing in this subsection shall be deemed to prevent United from extending credit to its customers in the normal course of business or from extending credit in connection with the sale by United of property other than bananas;

(12) Selling or offering to sell bananas in the United States on terms or conditions which deprive the customer of the option to take delivery from United at its terminal by either rail or truck; provided, however, that at any terminal at which the space available for loading of trucks is not sufficient to accommodate all purchasers who desire delivery to trucks *and* at the same time to permit the prompt, efficient and orderly discharge of vessel cargoes, United may limit delivery to trucks by confining such delivery to purchasers located within a designated geographical area of sufficient size to permit the reasonably full utilization of the truck space or by any other reasonable and equitable method;

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(13) Entering into, adhering to or enforcing any contract, agreement or understanding with any person to fix, establish, maintain or adhere to the prices, terms or conditions for the sale of bananas to third persons in the commerce of the United States, or to allocate territories, markets or customers for the sale of bananas in said commerce.

(B) United is ordered and directed to sell bananas to any jobber in any State listed in Appendix A offering to buy them during times when United has a supply available after filling all orders of its regular customers; provided, however, that this Subsection (B) shall not require United to sell otherwise than at its current prices and on its regular terms of sale, and shall not require United to sell except for cash to any person who does not have a satisfactory credit rating. This Subsection (B) shall be effective for a period extending until five years after United has completed performance of the plan for disposition of assets described in Article VIII, and upon the expiration of said period, it shall thereafter be of no force or effect.

(C) (1) United is ordered and directed as promptly as possible after the effective date of this Final Judgment and in any event within ninety days of that date to cancel and to terminate its existing contracts, agreements and arrangements, if any, with any ocean carrier (other than bareboat, time or voyage charters of entire vessels) under which refrigerated space on the vessel of such carrier is allocated or reserved for the transportation of United's bananas from the American Tropics to the United States.

(2) United is enjoined and restrained from entering into any contract, agreement or arrangement with any ocean carrier (other than bareboat, time or voyage charters of entire vessels) under which refrigerated space on the vessels of such carrier is allocated or reserved for the transportation of United's bananas from the American Tropics to the United States unless the said contract, agreement or arrangement provides that it may be cancelled in whole or in part at any time by United upon reasonable notice which shall not exceed sixty days. In the event that another banana shipper makes written request to United for the release of the said refrigerated space or one or more separately refrigerated units of said space, for the carriage of his bananas over the route served by the vessel, United is ordered and directed to cancel the said contract, agreement or arrangement, or so much thereof as may be necessary to make the requested space available, by giving the notice provided for in said contract, agreement or arrangement.

VII

(A) Not later than June 30, 1966 United shall divest itself of all of the capital stock (whether common or preferred) or other proprietary interest in International Railways of Central America that United then owns, either (1) by a private sale of the said capital stock to purchasers who have no relationship or affiliation directly or indirectly with United, or (2) by sale of the said capital stock on the open market on the New York Stock Exchange, the London Stock Exchange or on any other stock exchange on which the said stock may be listed, or (3) by a private sale of part of the said capital stock to purchasers who have no relationship or affiliation directly or indirectly with United and by sale of the other part on the open market or on a stock exchange as aforesaid.

(B) At any time and from time to time prior to June 30, 1966 United may dispose of all or any part of any stock or proprietary interest which it now owns in International Railways of Central America, either by private sale to purchasers who have no relationship or affiliation directly or indirectly with United, or by sale on the open market on any stock exchange in which the stock may be listed.

(C) On and after the date on which United shall have divested itself of all of its capital stock and proprietary interest in International Railways of Central America, as provided for in subsections (A) and (B) above, United and its officers and directors are enjoined and restrained from acquiring or holding, directly or indirectly, any legal or beneficial interest in any capital stock of International Railways of Central America.

VIII

(A) United shall distribute to the shareholders of United all the capital stock of a company (hereinafter referred to as the "New Company") organized by United and having from United assets (or all of the capital stock of a company or companies owning directly or indirectly such assets), including liquid assets, producing banana lands or producing banana lands and banana purchase arrangements, ships, terminal arrangements, and other essential accessory assets, reasonably calculated to be capable of importing into the East Coast, Gulf Coast and/or West Coast ports of the United States approximately 9,000,000 stems of bananas per year and staffed with managerial and other personnel in a manner reasonably calculated to enable the New Company to conduct the operations of the banana

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business available to it by virtue of its properties and assets. The said 9,000,000 stems of bananas shall on the average be generally equivalent in size, in botanical variety and in freedom from disease to the average of the stems then being imported into the United States by United, and shall consist of purchased and produced fruit in reasonable proportion. Prior to or contemporaneously with such distribution of stock, United shall take such actions or enter into such arrangements as are reasonably calculated to enable the New Company to distribute and sell bananas imported by it in such of the three major geographical marketing areas of the United States as the management of the New Company shall determine to be in its best interests in the light of all relevant factors. United shall not be obliged under the provisions of this Paragraph (A) to transfer shipping tonnage in excess of the quantity of such tonnage required for efficiently scheduled transportation to the East Coast, Gulf Coast and/or West Coast ports of the United States of the approximately 9,000,000 stems of bananas per year referred to above, nor shall United be obliged to transfer shipping tonnage in excess of a reasonable portion of such tonnage then owned by United and employed by it for the importation of bananas into the United States. If a distribution of the capital stock of a company organized by United is not made pursuant to the provisions of this Paragraph (A), then

(B) United shall sell to an Eligible Person (as hereinafter defined) production and transportation assets (or the capital stock of a company or companies owning directly or indirectly such assets), including producing banana lands or producing banana lands and banana purchase arrangements, ships, and other essential accessory assets, reasonably calculated to be capable of importing annually into the East Coast, Gulf Coast and/or West Coast ports of the United States approximately 9,000,000 stems of bananas per year that on the average are generally equivalent in size, in botanical variety and in freedom from disease to the average of the stems then being imported into the United States by United and consisting of purchased and produced fruit in reasonable proportion. United shall not be obliged under the provisions of this Paragraph (B) to transfer shipping tonnage in excess of the quantity of such tonnage then desired by the purchaser, nor shall it be required to transfer shipping tonnage in excess of the quantity of such tonnage required for efficiently scheduled transportation to the East Coast, Gulf Coast and/or West Coast ports of the United States of the approximately 9,000,000 stems of bananas per year referred to above, nor shipping tonnage in excess of a reasonable proportion of such tonnage then owned by United and employed by it for the importation of bananas into the United States. In the event of a sale pursuant to the provisions of this Paragraph (B) United shall be under no obligation to supply the purchaser with managerial or other personnel, or with distribution facilities.

(C) United may comply with the obligation imposed upon it by Paragraphs (A) and (B) above by transfer of a partial interest in the New Company to an Eligible Person who invests not less than $1,000,000 in the New Company and distribution to the stockholders of United of the remaining interest in the New Company, and in that event the obligations of United with respect to the assets and personnel to be transferred shall be only those stated in Paragraph (B) above except that the obligation with respect to ships shall be to transfer the quantity of shipping tonnage provided by Paragraph (A) or such lesser quantity as may be then desired by the management of the New Company.

(D) The term "Eligible Person" as used in this Final Judgment shall mean any individual, group or business organization, other than Standard Fruit and Steamship Company, that is not owned or controlled by United and in which United has no stock interest directly or indirectly and that makes a showing that it intends to engage in the importation of bananas into the United States.

(E) Not later than June 30, 1966 United shall submit to this Court for approval a plan for compliance with the obligation imposed upon United by the provisions of Paragraphs (A), (B) or (C) above and shall serve upon the plaintiff a copy of the plan a reasonable time in advance of the submission. The plan shall provide for compliance with reasonable promptness but in any event not more than four (4) years after final approval of the plan.

If, after hearing, the Court considers that performance of the plan will constitute compliance with the obligations provided by that Paragraph of this Article VIII under which the plan is submitted, the Court shall approve the plan. If the Court considers that performance of the plan will not constitute compliance with one or more of such obligations and specifies the obligation or obligations provided by such Paragraph as to which it considers the plan deficient, the Court shall require United promptly to prepare and propose for approval amendments calculated to achieve such compliance and if the Court considers that performance of the plan as so amended will constitute compliance with the obligations of such Paragraph, the Court shall approve the plan as so amended.

Performance of such a plan approved as originally submitted or as amended shall be deemed to be full compliance with the obligations imposed upon United by this Article VIII.

IX

After United has completed its compliance with Article VIII above,

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(1) No member of the board of directors of United, or any officer or employee thereof, shall hold any office or have any employment or contractual relation with the New Company or Eligible Person, directly or indirectly.

(2) No person while an officer or member of the board of directors of United shall acquire from anyone other than United, or except by inheritance, stock dividend, stock split, or exercise of preemptive rights, stock in the New Company or the Eligible Person identified in the plan contemplated by Article VIII.

X

(A) United is ordered and directed within two months after the entry of this Final Judgment to submit to its stockholders any portions of this Final Judgment as to which the consent of the stockholders is required by the corporate charter of United, and the board of directors of United shall recommend to said stockholders that said consent be given. If the required consent is given, on the day following United shall file with this Court a statement of that fact and the date of filing shall be the effective date of this Final Judgment.

(B) This Final Judgment shall be of no further force and effect and this cause shall be restored to the docket for prompt trial without prejudice to either party if within three months from the date of entry of this Final Judgment the required majority in interest of the stockholders of United have not consented to all portions of this Final Judgment as to which such consent is required by the corporate charter of United.

XI

United is ordered and directed within sixty days after the effective date of this Final Judgment to furnish a true and complete copy of this Final Judgment to each of the officers, directors, executives and other employees at the policy level, and the sales personnel of United and of its subsidiaries operating in the United States, and also to each of the officers, managers and department heads of all subsidiaries operating outside the United States.

XII

United shall not be in contempt of this Final Judgment for doing anything in a country other than the United States that would otherwise be forbidden by this Final Judgment if such action is required by the Government of the country in which the act takes place. United shall not be in contempt of this Final Judgment for not doing anything in a country other than the United States that would otherwise be required by this Final Judgment if such action would be unlawful in that country. In any such case, United shall advise the plaintiff of the circumstances as promptly as practical and thereupon the plaintiff may apply to the Court, with full opportunity of the defendant United to be heard, for such relief consistent with the provisions of this Final Judgment as the Court may deem proper.

XIII

This Final Judgment shall be in full force and effect for a period extending until twenty years after United has completed performance of the plan for disposition of assets described in Article VIII and, upon the expiration of said period, it shall thereafter be of no force or effect.

XIV

For the purpose of securing compliance with this Final Judgment and for no other purpose, and subject to any legally recognized privilege, duly authorized representatives of the Department of Justice shall, upon written request of the Attorney General, or the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to United made to its principal office, be permitted (a) access during the office hours of United to all books, ledgers, accounts, correspondence, memoranda, and other records and documents in the possession or under the control of United relating to any of the matters contained in this Final Judgment, and (b) subject to the reasonable convenience of United and without restraint or interference from it to interview officers or employees of defendant United who may have counsel present, regarding any such matters; and upon such request United shall submit such reports in writing to the Department of Justice with respect to matters contained in this Final Judgment as may from time to time be necessary to the enforcement of this Final Judgment. No information obtained by the means provided in this Article *XIV* shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of the Department except in the course of legal proceedings to which the United States of America is a party for the purpose of securing compliance with this Final Judgment or as otherwise required by law. SHL

DX 498

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The terms of this Final Judgment shall not be construed to create in anyone other than the plaintiff any rights or claims against United that do not otherwise exist.

XVI

Jurisdiction is retained for the purpose of enabling any of the parties to this Final Judgment to apply to this Court at any time for such further orders and directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment or for the modification or termination of any of the provisions thereof, and for the enforcement of compliance therewith and punishment of violations thereof.

Dated: February 4, 1958

SEYBOURN H. LYNNE
UNITED STATES DISTRICT JUDGE

We hereby consent to the making and entry of the foregoing Final Judgment:

For the Plaintiff:

VICTOR R. HANSEN
ASSISTANT ATTORNEY GENERAL

ROBERT A. BICKS

W. D. KILGORE JR.

CHARLES F. B. McALEER

CHARLES L. WHITTINGHILL

HAROLD S. GLENDENING

EUGENE J. METZGER

WILLIAM P. CASSEDY

MERLE D. EVANS JR.
ATTORNEYS FOR PLAINTIFF

For the Defendant:

CHARLES E. DUNBAR JR.

ASHTON PHELPS

HUGH B. COX

JAMES H. McGLOTHLIN

ATTORNEYS FOR DEFENDANT

APPENDIX A

California
Colorado
Illinois
Iowa
Maine
Michigan
Minnesota
Montana
Nebraska
New Hampshire
New Mexico
North Dakota
Oregon
South Dakota
Utah
Vermont
Washington
Wisconsin
Wyoming

DX 498

Retype of DX 499(cover page,pp.1-6,13 of report)

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FEB. 4, 1974

Dx 499 DEFENDANTS

COMPANIA AGRICOLA DE GUATEMALA

Office of the Manager

Tiquisate, Guatemala
February 13, 1962

Mr. R. A. Holcombe
Armuelles, Panama

Dear Mr. Holcombe:

Enclosed is this Division's Annual Report for the year 1961.

Yours very truly,

C.E. DeLawder

Enclosure

cc: Mr. R. O. Miller
Mr. W. T. Van Diepen
Mr. J. C. Owen
Mr. W. G. C. Forsyth
Mr. C. E. DeLawder - *.C

*illegible

DX 499

AGRICULTURAL DEPARTMENT 1236A

PRODUCTION

The year ended with 200 stems per acre. Of the total amount shipped, 356 went to European Markets.

There was an unusually late windstorm on November 1st, that caused 1,*60,000 losses which were generally scattered throughout the division.

ACREAGE

The following acreage was abandoned during the year:

Banana disease	2,041
Heavy blowdown areas not believed worth rehabilitating	1,194
Total	3,235

The acreage by farms at the end of the year was:

Antigua	1,276
Petén	1,213
Tecpín	1,205
Izabal	1,013
Verapaz	622
Pacapa	961
Zunil	729
Tacaná	1,019
Ticanlú	926
Ceiba	1,058
Cedro	919
Laurel	1,096
Limón	1,057
Palo Blanco	963
Primavera	1,028
Total	15,085

The following farms were amalgamated for more efficient and economic operation:

Solará Antigua
Jutiapa Tecpín

In each case absorbed by the latter named farm.

CULTIVATIONS:

The following statistics show that routine operations were carried out at a normal and economical rate.

*illegible

DX499

CULTIVATIONS (cont'd) 42374

	1961	1960	(Est.) 1962
Cycles cleaned	5.1	5.06	4.5
Cycles pruned	8.4	9.22	8.5
Cycles spaced	-	1.50	-

The supplying amounted to only 15% of that of 1960 and we believe this can safely be contributed to less casual "fallovers"(uprootings), as well as during windstorms, because of good taltuza control.

IRRIGATION

Acres irrigated during the year: 438,007 acres.

Cycles	1961	1960
Overhead (through May)	-	21.80
Undertree	26.45	23.92

A minimum of difficulty was encountered during the irrigation season. One thing we have discovered is that it is necessary to have at least two gangs to torpedo the various size lines that become partially gummed up with the river water. The necessity of this operation is determined by taking pressure readings at the nozzles, usually at extreme distances from the pumping plant.

Some 67,000 meters of iron pipe were salvaged during the later part of the year.

FERTILIZING

Our opinion is that the fertilizer applied this year was inadequate but for economy reasons, we were asked to hold this to 250 pounds of nitrogen per acre. Last year 290 pounds were applied and we have 300 pounds approved for 1962.

Floresta District, as it is still referred to, made up of approximately 6,000 acres, will receive in 1962 just over 200 pounds through the irrigation system, thus leaving one hand application for the later part of the blowdown season.

Detail of application is as follows:

	Cycles	Pounds Nitrogen per project area
Hand	2.66	168.15
Spray	-	-
Irrigation	4.51	81.66
Average Division	-	249.81

DX499

FERTILIZING (cont'd.)

Applied by irrigation only (included in average division). 12381

Project Acres	Cycles	Pounds Nitrogen per Project Acre
6,124.0	12.19	120.79

SIGATOKA CONTROL

As you will note from the status of infection at close of year, control was good. This was as good a year as we have ever had from a control view point.

Some Tribasic was used on a small acreage during the first half of the year and during the last part of the year, approximately twelve cycles of M-22 were applied on 900 acres at the rate of 2.5 pounds per cycle acre in ten gallons of water (the last three cycles were at the rate of five gallons). However, over 90% of the division was successfully controlled with Bordeaux mixture (20-15-50) plus Triton, ******. We never used less than .2 gallons of ** nor more than 1.0 gallon per cycle acre, the average being for the year .5 gallon or 8.72 gallons per project acre.

A contract with fixed wing "Pawnee" proved to be uneconomical because prices could not compare with helicopter, hence the contract was cancelled.

All concerned here are very satisfied with the performance of the Allied Helicopter people and feel that they have cooperated in every way possible. We have made their operation here as ideal as possible by installing a number of loading platforms thereby making the ferry distance seldom a kilometer away. Solution is pumped to those various platforms from the existing central stations with return lines to keep the liquid moving constantly.

The status of infection at the close of the year was as follows:

	Severe	Medium	Light	Clean	No Spray	Total
Acres	-	-	847	13,700	538	15,085
%	-	-	5.60	90,82	3.57	100.00

Distribution of acreage and spray materials used at the beginning and end of the year:

	January 1961	December 1961
Bordeaux - Hand	14,623	-
Bordeaux - Helicopter	797	14,183
Tribasic - Helicopter	2,817	-
Dithane - Helicopter	-	902
Total	18,237	15,085

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SIGATOKA CONTROL(Cont'd.) 1239A

A total of 279,494 cycle acres were sprayed during the year or 16.68 cycles. Breakdown as follows:

Hand application Bordeaux	7,866	Cycle Acres
Helicopter - Bordeaux	199,095	" "
Fixed wing - Bordeaux	49,775	" "
Helicopter - Tribasic	11,607	" "
Helicopter - Dithane	11,151	" "

TYING FRUIT TO MAT

Stems Tied	Labor	Material	Total
3,457,751	.0203	.0093	.0296

PROPPING

	New Propping	Repropping	Total
Stems	397,670	912,683	1,290,353
	Labor	Material	Total
Cost	.0493	.0583	.1076

GUYING

	Labor	Material	Total
Stems-56,000	.0198	.0858	.1056

This operation is done along side of roads and drains only, where propping is impractical.

TREE BAGGING

Only 30% of the bagging was done this year compared to last year. One reason for this was for economy and another was that it was not considered so important for the European Market. If boxing program is approved for 1962, however, this program will be stepped up to perhaps ***.

Stems Bagged	Labor	Material	Total
663,400	.0264	.0350	.0614

BLOWDOWNS

Blowndowns were considered more than normal and there was one that came very late in the year, November 1st, of more than 1,000,000. This could very well put us in a poor situation for fruit during the first four to five months of 1962 where this wind hit the hardest.

Following are losses for the year:

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DX 499

BLOWDOWNS

1240A

Available	Plants	Total
1,140,000	1,935,000	3,675,000

GOPHER CONTROL

We feel that the control of this pest is very satisfactory. Cost continues to drop.

Q0.61 per acre 1961
Q0.80 per acre 1960

COCOS

All the Cocos acreage is in bearing which amounts to 883.6 acres. While this fruit is not readily acceptable in the stem form by our Sales Department in the U.S.A., we feel that the European Market is very satisfied with it. It seems that it is the general opinion of most tropical personnel that this fruit would be perfectly acceptable in the U.S.A. if boxed.

VARIETIES

We still have five 2.4 acre plots each at Pacaya Farm, as follows:

No. 3	Giant Cavendish
" 4	Valery
" 6	Jamaica
" 8	Congo
" 9	Grand Nain

BAMBOO

We still have 644.5 acres of bamboo from which we obtained 34,000 poles during the year.

METEOROLOGY

Average rainfall was 80.86 against 86.86 in 1960. The highest was recorded in the old Siguacan District with 97.15 and the lowest in Floresta with 61.85. We were fortunate to experience only one "temporal", which started October 31st through November 9th with a total rainfall during this period of 16.62 inches but luckily did not do any damage to our cultivations as water ran off quickly.

Local rainfall caused the levee to break and about 50 acres were flooded on the lower end of Primavera Farm. Bananas were not damaged as run-off was rapid. The cost to repair this and other minor flood damages was approximately Q3,000,00.

EXPERIMENTS

All discontinued except Nemagon. It is very

DA 499

hard for us to evaluate this project as it is conducted by the Research Department from La Lima and it is assumed they will make the final report.

1241A

EXPERIMENTS(cont'd)

Following is data available to date:

Project 9 - Cedro

Gallons of Nemagon	Fruit Shot	Reaped	Average Weight	Uproots
0	1,257	781	61.12	153
1	1,470	1,059	69.42	100
2.5	1,520	1,106	67.96	104
5	1,608	1,186	68.97	98
10	1,558	1,191	71.43	90

Project 10 - Izabal

0	1,390	1,150	78.86	34
1	1,432	1,227	84.52	9
2.5	1,459	1,238	84.35	8
5	1,423	1,210	83.59	6
10	1,469	1,262	84.72	2

ECONOMICS

During the year the entire acreage was placed under helicopter control. Our present rate per cycle acre to apply ten gallons of Bordeaux (including materials in $2.18. With hand application, the cost was approximately $4.75 per cycle acre, including materials. Only 7,900 acres were hand sprayed.

PERSONNEL

It was thought that the reduction in 1960 of monthly employees, whose salaries amounted to Q224,000 annually, that there would be very little further reduction; however, in spite of this, we were able to make additional reductions in 1961 of Q109,680 as follows:

District Superintendents	2	Q 13,200.00
Assistant District Superintendent	1	4,920.00
Spray Supervisor	1	4,920.00
Overseers	3	11,700.00
Assistant Overseers	3	7,740.00
Timekeepers	3	5,040.00
Foremen	35	46,800.00
Chief Clerk	1	5,940.00
Assistant Clerks	2	1,560.00
Clerks	2	6,000.00
Fruit Receiver (Associate Prod.)	1	1,140.00
Yard Boy " "	1	720.00
Total	55	102,680.00

ASSOCIATE PRODUCERS

At the beginning of the year we had only "La Patria" Farm as Associate Producer, with 462 acres. Production for the year was 26,500 or 57 stems per acre. The main reason for such low reduction was losses from wind, 40,000. The number of spray cycles applied were *14. Total on * * for this operation: 1 pump

1242A

	Start of Year	End of Year
Miscellaneous	48.8	131.0
Pastures	8,467.8	1,432.5
Roads	64.2	51.0
Total Improved	8,580.8	1,615.5
Unimproved - Available	23,927.0	30,000.0
Not available	37.9	23,262.0
Total	32,547.7	54,876.9

As can be seen from the above, most of the improved pastures were sold and herds moved to the bush lands below Tiquisate and Garrucha. All improvements and installations erected during the past three years were turned over to the new owners.

ECONOMICS

	No. of Employees	Amount
Transferred to other payrolls		
Overseer	1	Q 2,820.00
Guardians	9	6,204.00
Stockmen - Releases	5	3,672.00
Total	15	Q12,696.00

ENGINEERING DEPARTMENT

Engineering work on appropriations is summarized as follows:

Appropriation 5918 - Siguacan Ranch Extension - One cattle chute was built at Primavera Ranch.

Appropriation 6101 - Tools and Equipment - Fixed - One sand drying stove was received for use at Locomotives' Round House, replacing the old one which was written-off.

One "Toro" lawn mower, engine powered, was received in replacement of two old ones which became obsolete. To be used on yard maintenance.

One "Jaeger" 100 GPM pump was received, for use in suction wells of irrigation plants, replacing one which became very hard to maintain in operating condition.

Appropriation has been completed.

Appropriation 6103 - Non-mechanized Boxing Station - One boxing plant and * was built at "Primavera" Farm. This plan operates at a rate of 112 boxes per hour.

Under "Tools and Equipment for Boxing Station", we received the following:

2 Only 450 * * Model H 20 T-20"
1 " * * Model A717
1 " Compactor with leather carrying case complete.

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DEFENDANTS 12430 Retype of DX 500 (cover page, pages 1-5, 9)

DX 500

COMPANIA AGRICOLA DE GUATEMALA
Office of the Manager

1962

Tiquisate, Guatemala
February 5, 1963

Mr. R. A. Holcombe
Armuelles, Panama

Dear Mr. Holcombe:

Enclosed is this Division's Annual Report for the year 1962.

Yours very truly,

C. E. DeLawder

Enclosure

cc: Mr. R. O. Miller
Mr. W. T. Van Diepen
Mr. J. G. Owen
Mr. W. G. C. Forsyth
Mr. C. E. DeLawder - Bananera

DX 500

AGRICULTURAL DEPARTMENT 1244A

PRODUCTION

During the year we shipped 1,961,553 stems of fruit, of which 70,023 stems were boxed in 96,719 boxes with a box factor of 1.38 boxes per stem or .72 stems per box. Eightythree percent of the total fruit shipped went to the European Market. One hundred and thirtyseven stems per acre to total shipped. Cost per stem was $2.593 as compared with $2.385 for the previous year.

It is interesting to note that from 669 acres of Cocos (433 acres at Izabal and 236 acres at Tecpan), which are the only two large blocks of Cocos we have in the Division, 369 stems were reaped per acre. The average weight for this fruit, which was shipped to Europe was 81.6 pounds for Izabal and 79.1 pounds for Tecpan, making an average of more or less 80 pounds per stem.

We calculate that the European Gros Michel fruit did not average more than 65 pounds during the year, which is 15 pounds lighter than the Cocos. Using those figures, we harvested approximately 8,520 pounds per acre from the Gros Michel acres compared to 29,520 pounds per acre from the Cocos areas.

We sold 60,489 stems of reject banans this year at $o.25 per stem for a net profit of $15,122.25. Investigation is now under way to negotiate a better price for this fruit.

Our heaviest blowdown occurred on July 9th, with total loss amounting to 1,000,000, making a total for the month of July of 1,666,000, which was our greatest loss for any month during the year.

ACREAGE

At the end of the year we had an average acreage of 14,289 acres in bearing. During the year 1,000 acres were abandoned due to Panama Disease. Acreage in bearing by farms at the end of the year is as follows:

Antigua	1,097
Peten	1,200
Tecpan	865
Izabal	1,008
Pacaya	1,332
Zunil	714
Tacana	913
Ticanlu	870
Ceiba	1,056
Cedro	875
Laurel	1,086
Limon	1,032
Palo Blanco	958
Primavera	1,028
Total	14,084

AX 500

1245A

CULTIVATIONS

There were 3.3 more cycles of cleaning done than in 1961 and 1.2 more pruning. This does not mean that excessive work was done in 1962 but points out that not enough cleaning and pruning was done in 1961. Cultivations on the whole looked much better at year's end than for the same period in 1961.

	1962	1961	Estimate 1963
Cycles Cleaned	8.4	5.1	7.0
Cycles Pruned	9.6	8.4	8.0
Cycles Spaced	3.4	-	.9

Only 30,717 supplies were needed during the year.

IRRIGATION

No difficulty encountered in this operation throughout the season.

411,415 cycle acres were irrigated during the year.

Cycles	1962	1961
All Undertree Irrigation	28.79	26.45

FERTILIZING

Cultivations have responded well to the 346 pounds of nitrogen per acre applied. This amount compares to 230 pounds in 1961 and 290 in 1960.

Detail of application is as follows:

	Cycles	Pounds Nitrogen per Acre
Hand	4.08	329.75
Irrigation	.94	16.69
Total	5.82	346.44

SIGATOKA

At the end of the year our cultivations were not as clean as the year before even though 1.61 cycles more were applied this year.

There has not been a good chance to really compare the Bithana area (902 acres) with the Bordeaux due to constant blow downs; however, our field men all agree that the plants have a much healthier appearance and better color.

We have been authorized to use Dithane 100% beginning April 1, 1963.

Ox 500

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-3-

Status of infection at the close of the year was as follows:

	Clean	Light	Medium	Heavy	No Spray	Total
Acreage	10,324	2,350	1,360	50	-	14,084
%	73.30	16.69	9.66	.35	-	100.00

Following is distribution of acreage and spray materials used at the beginning and end of the year:

	January 1962	December 1962
Bordeaux-Helicopter	13,304	13,182
Dithane-Helicopter	902	902
Total	14,206	14,084

A total of 264,195 cycle acres were sprayed during the year or 18.49 cycles. Following is breakdown:

Bordeaux-Helicopter	243,815
Dithane-Helicopter	20,130
Bordeaux-Fixed Wing Plane	250
Total	264,195

TYING FRUIT TO MAT

Stems Tied	Labor	Material	Total
3,389,589	.0175	.0092	.0267

PROPPING

Much less propping was done this year compared to other years for two reasons: bamboo propping material became very scarce and it is questionable whether the amount of fruit saved from propping offsets the very high expense of the materials involved.

	New Propping	Re-Propping	Total
Stems	45,984	307,036	353,020
	Labor	Material	Total
Cost	.0625	.0041	.0666

GUYING

No guying was done during the year.

TREE BAGGING

Shortly after the beginning of the year, tree bagging was stepped up to nearly 100%. It certainly has been proven that bagging greatly improves the appearance of the fruit and it is a "must" with the boxing operation.

DX 500

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Stems Bagged	Labor	Material	Total
2,195,517	.0193	.0267	.0460

BLOWDOWNS

Blowdowns were considered more or less normal and occurred during the usual months. I mention this because the year before was very abnormal, since we lost more than 1,000,000 plants on November 1st.

Following are losses for the year:

Available	805,000
Plants	1,395,000
Total	2,200,000

GOPHER CONTROL

The gophers almost cease to be a problem.

Cost	.61 per acre - 1961
	.82 " " - 1962

COCOS

See production

Maintenance	912.4 acres
Betterments	100.0 "

VARIETIES

At Pacaya Farm we have 4.2 acres of Valery. At Toliman, which now forms a part of Zunil Farm, we have five varieties planted as follows:

1 - Valery	3.3 acres
2 -Jamaica Unknown	1.2 "
3 - Giant Cavendish	1.2 "
4 - Grand Nain	1.2 "
5 - Cocos	2.0 "

BAMBOO

We have 295 3 acres planted.

BETTERMENTS

One hundred acres of Cocos were planted adjoining Xelaju Farm on the east side. The main reason for this planting was to observe production, fruit weights from the viewpoint of nematodes. The area was not infested with nematodes and the seed was heat treated before planting. It was necessary to supply on two different occasions, a total of 9,600 seed or 266.

METEOROLOGY

Average rainfall was 61.14 inches against 80.86 inches in 1961.

AX 500

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No extra heavy rains or "temporal" were experienced during the year.

On November 9th, we had a heavy volcanic fallout from "Fuego" Volcano. Leaf burning from this fallout was most severe on the following farms: Peten, Antigua, Tecpan and Izabal. The lower farms did not get as much. We did not receive any especially bad reports on the outturn of our fruit shipped while this phenomenon lasted or during the time shortly after this occurrence.

PERSONNEL

Our administration force at the end of the year was as follows:

Assistant Superintendent of Agriculture	1
District Superintendent and Spray Supervisor	1
Irrigation Supervisor and In Charge Boxing Operations	1
Assistant District Superintendent	1
Assistant Spray Supervisors	2
Irrigation Overseer	1
Irrigation Foremen	4
Farm Overseers	14
Assistant Farm Overseers	7
Timekeepers	12
Foremen	64
Assistant Chief Clerk	1
Clerks	5
Messenger	1
Total	115

ASSOCIATE PRODUCERS

We only had one associated producer, that is, "La Patria" Farm with an average acreage for the year of 300 acres from which we shipped 24,551 or 82 stems per acre.

For year 1963 we estimate this farm will only produce acceptable fruit through June, as Sigatoka control was discontinued as of the end of 1962. Estimate of fruit to be shipped from this farm through June 1963 only amounts to 10,000 stems.

DX 500

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DEATHS

Bulls	8
Cows	33
Heifers	26
Calves	133
Steers	41
Total	241

WORKING HERDS

	Breeding Stallions	Gelding & Working Stallions	Mares	Horse 1 Yr.	Colts 2 Yr.	Fillies 1 Yr.	Fillies 2 Yr.	Ordinary Mules	Total Herd
On hand 1st of year	1	547	57	25	16	17	6	1	670
On hand end of year	1	462	6	2	15	2	1	-	489

COST PER HEAD

Year 1961	Q23.88
Year 1962	Q12.57

With open range operations and use of machines, cost of maintenance was considerably reduced and labor force decreased from 55 employees in 1961 to 45 employees in 1962.

ENGINEERING DEPARTMENT

Engineering work on appropriations is summarized as follows:

Appropriations 6201 - Non-mechanized Boxing station - Laurel Farm - Boxing building and storage bodega were ready for operation by the end of August, and first shipment of fruit boxed at this plant was made on September 8th.

Conveyors for latex removal tanks are pending installation, as only part of this equipment has arrived and we are not able to predict completion date. However, the plant has been operating at a rate of 384 boxes per hour.

Appropriation funds were carried over for pending expenditures.

Appropriation 6202 - Tools and Equipment - One 5 HP single phase electric motor for use as replacement unit for water pumps has not arrived.

Funds were carried over for 1963 operations.

Appropriation 6203 - 100 acre Project- Under this appropriation the Engineering Department completed the underbrushing, field marking for piping layout, opened roads and supplied ballast for them. We also built seed-washing facilities and furnished pump and steam locomotives for disinfection.

DX 500

Retype of DX 501 (cover page, pages 1, 2,9,10)

FEB 4, 1974
DEFENDANTS

DX 501

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COMPANIA AGRICOLA DE GUATEMALA

Office of the Manager

Tiquisate, Guatemala
February 8, 1964

Mr. R. A. Holcombe
Armuelles, Panama

Dear Mr. Holcombe:

Enclosed is this division's annual report for the year 1963.

Yours very truly,

T. A. Holcombes

Enclosure

cc: Mr. R. O. Miller
Mr. W. T. van Diepen
Mr. J. G. Owen
Mr. W. G. C. Forsyth
Mr. T. A. Holcombe - Bananera

DX501

1251A

AGRICULTURAL DEPARTMENT

PRODUCTION

During the year we shipped 2,598,752 stems of fruit, of which 375,086 stems were boxed in 535,037 boxes with a box factor of 1.43 boxes per stem or .70 stem per box. Ninetysix per cent of the total fruit shipped went to the European Market. One hundred and ninetysix stems per acre to total shipped. Cost per stem was $2.626 as compared with $2.593 for the previous year.

Of the 1,005 acres of Cocos, 393,763 stems were reaped, equal to 392 stems per acre, with an average weight per stem of 78.3 pounds. Of the remaining 12,267 average acres of Gros Michel bananas, 2,325,863 stems were cut, equal to 190 stems per acre.

We sold 64,650 stems of fruit rejected at loading stations, for a total amount of $23,632.40. During the year we were able to make a new contract for sale of this fruit, average price worked out at .37 cents against .25 last year.

Our heaviest blowdown occurred on April 13th, amounting to 670,000, making April the month of the greatest losses on this account for the year. With a total for this month of 951,000.

ACREAGE

Average acreage in bearing at the end of the year was 13,272 acres. During the year 1,910 acres were abandoned due to Panama Disease. Acreage in bearing by farms at the end of the year is as follows:

Antigua	661
Peten	1,007
Tecpan	682
Izabal	960
Pacaya	1,179
Zunil	1,141
Ticanlu	1,100
Ceiba	956
Cedro	808
Laurel	1,017
Limon	948
Palo Blanco	886
Primevara	975
Total	12,300

CULTIVATIONS

We feel very satisfied that our cultivations during the year and at the close of same, are in very good condition, having done more or less the same amount of cycles, as shown below

	1963	1962
Cycles cleaned	8.4	8.4
Cycles pruned	9.4	9.6
Cycles spaced	.9	3.4

DX501

12352A

CULTIVATIONS (Continued)

Only 36,482 supplies were used during the year.

IRRIGATION

During the year 321,109 cycle acres were irrigated by under-tree system, representing 24.19 cycles for the year against 28.79 cycles in 1962.

Due to enough rainfall during four days in November (November 8th through November 11th), all pumps were stopped during this period during which we had an average of 25.53 inches of rain.

FERTILIZATION

All fertilizing was done by hand and 351 pounds of nitrogen per acre were applied in four cycles, to which cultivations responded very well.

On the 100 acres of Cocos, which came into bearing in June, 341 pounds of nitrogen per acre were applied.

SIGATOKA

During the year we used .8 average gallons of spray oil per cycle acre, having obtained very satisfactory results as shown by detail of infection at close of year given below. UF-63 has given very good results from what we have seen so far.

Status of infection at the close of the year was as follows:

	Clean	Light	Medium	Heavy	No Spray	Total
Acreage	11,777	523	-	-	-	12,300
%	95.57	4.25	-	-	-	100

Following is distribution of acreage and spray materials used at the beginning and end of the year:

		January 1963	December 1963
Bordeaux & Oil	Helicopter	13,182	-
Dithane & Oil	"	902	-
UF-63 & Oil	"	-	12,300
Total		14,084	12,300

A total of 273,122 cycle acres were sprayed during the year or 20.56 cycles. Following is breakdown:

Bordeaux & Oil	Helicopter	29,610
Dithane & Oil	"	190,348
UF-63 & Oil	"	53,164
Total		273,122

DX 501

TRANSFERS TO OTHER DIVISIONS (United Fruit Company - Bananera)

Brahman Bulls	73
Santa Gertrudis Bulls	6
Local Cows	1,842
" Heifers	234
Bull Calves	667
Cow	801
Steers	7
Working Geldings	75
Total	3,705

DEATHS

Bulls	1
Young Bulls	2
Cows	24
Heifers	16
Calves	98
Steers	18
Working Geldings	23
Total	182

WORKING HERDS

	Balance at Start of Year	Balance at Close of Year
Breeding Stallions	1	-
Horses	245	-
Mares	6	-
Horse Colts, 1 Year	2	-
" " 2 Year	15	-
Fillies, 1 Year	2	-
" 2 Year	1	1
Working Geldings	217	243
Total	489	244

COST PER HEAD

Year 1962	Q12.57
Year 1963	Q23.00

ECONOMICS

Livestock operations were transferred to the Agricultural Department in the month of July 1963.

ENGINEERING DEPARTMENT

BETTERMENTS

Appropriation 6201 - Non-mechanized Boxing Station - Laurel Farm

Installation of equipment for this station was completed. Station now can be operated at a maximum capacity of 420 boxes per hour.

DX 501

1254A

BETTERMENTS (Continued)

Appropriation 6202 - Tools and Equipment

Received one 5 horse power electric motor for use as replacement unit for farm water pumps.

Appropriation 6204 - Non-mechanized Boxing Stations

We completed the extension to the Primavera boxing station and built new stations at Cedro and Izabal Farms.

Appropriation 6302 - Electric Motors and Movie Projectors

Under this appropriation we received two five horse power electric motors for use as replacement units for farm water pumps.

Two sixteen milimeter movie projectors were also received to replace similar units used by Social Relations Department for its movie service to farm laborers.

GENERAL MAINTENANCE - ENGINEERING

AGRICULTURE

General work on maintenance consisted of levelling for drain repair, maintenance of roads, bridges, irrigation canals, structures, rights of way, etc.

We continued keeping the Madre Vieja River under control to avoid damages to banana plantations in Floresta District.

RAILWAY

TRANSPORTATION

A total of 9,353 fruit cars were sent to Barrios. Seventy-one cars were conditioned with wooden mats for exclusive use in boxed fruit shipments. A total of 103 cars are now used for boxed fruit.

We continued moving cotton carloader within our lines, charging private planters minimum fares of $25.00 per movement of one to five cars, and additional cars at $5.00 each. This service is made when cars are available.

By the end of the year, 100 fruit cars were taken out of service to be disassembled and transferred to Armuelles, Panama.

MAINTENANCE OF WAY AND STRUCTURES

This department maintained all Division's rail lines, bridges, water tanks and lines, and deep wells. Several salvage jobs were also done.

ELECTRICAL

General maintenance was carried out on all generators, power plant and lines, ice plant and refrigeration systems, motors, telephone system, hospital equipment, water pumps, etc. There was a substantial

DX501

~~PX 917~~ DEFENDANTS'
Dx 502 FEB 2 1/2455A

Boston, Massachusetts
May 24, 1963
REC'D BY

MAY 27 1963

J. M. FOX

Mr. R. A. Holcombe
Puerto Armuelles

Dear Mr. Holcombe:

On my recent visit to the tropics, several discussions were held regarding the production we can expect from Valery cultivations.

The Research has made a very close study and has arrived at a potential production of around 25 tons per acre. In making estimates for production, however, we know from experience that potential production has to be discounted by a considerable amount due to the many factors which affect production over a long period of time. I am thinking particularly of nematodes, chill (in the northern divisions), winds, floods, strikes, Moko, Johnson fruit spot, short tonnage, political factors, and new diseases which may develop at a later date. For these reasons, and until we have longer experience with commercial production, all divisions preparing estimates on Valerys should base them on:

16.4 tons of stem fruit per acre
(400 82-lb. stems per acre)

1.7 boxes per stem

10 year life

We sincerely hope this estimate proves to be on the conservative side.

Yours very truly,

R. O. Miller

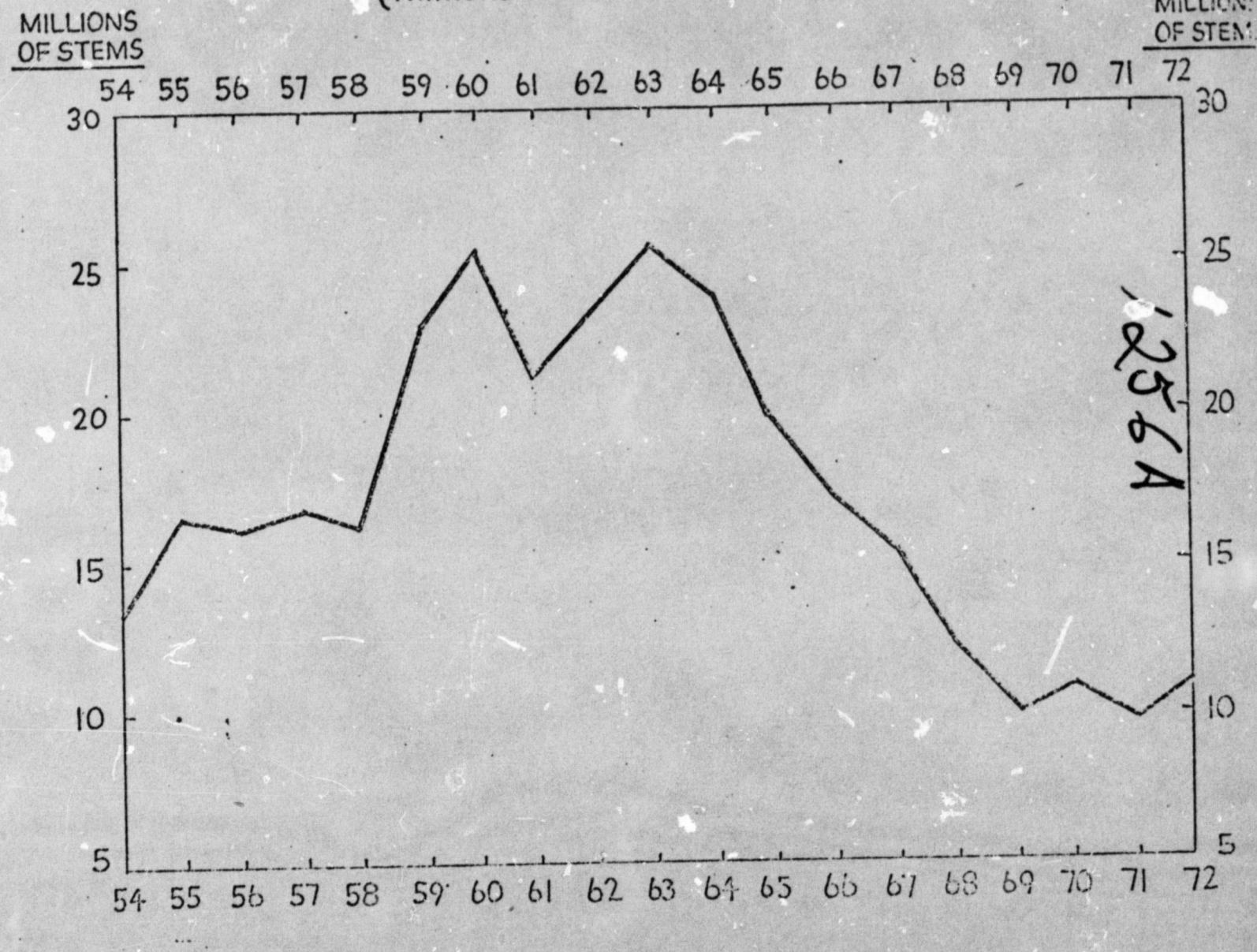
R. O. Miller

cc: Mr. J. M. Fox
Mr. A. E. Carpenter
Mr. W. T. van Diepen
Mr. G. J. Walwood
Mr. J. R. Herbig
Mr. C. E. DeLawder - Note change from 80 lbs. to 82 lbs. mentioned
Mr. E. F. Spence our wire of May 24, 1963.
Mr. F. A. Hatch
Mr. A. C. Hamilton

DX 502

ECUADOR BANANA SHIPMENTS TO THE UNITED STATES
1954 - 1972
(Millions of Stems)

	MILLIONS OF STEMS
1954	13.4
1955	16.6
1956	16.2
1957	16.7
1958	16.2
1959	22.9
1960	25.4
1961	21.2
1962	23.6
1963	25.6
1964	24.1
1965	19.8
1966	17.0
1967	15.3
1968	11.9
1969	10.0
1970	10.9
1971	9.7
1972	9.8



Source: United States Imports of Merchandise for Consumption (Dept. of Commerce)

Converted from pounds to stems at 65-3 pounds per stem.

DELETED

FEB 13 - 1974

1257A

STEMS SHIPPED

(in millions of stems or stem equivalent)

1957-1969

	Tiquisate	Guatemala East (Bananera)
1957	3.9	.2
1958	3.2	.5
1959	3.5	.6
1960	4.6	1.1
1961	-3.3	1.5
1962	2.0	2.1
1963	2.6	2.0
1964	1.8 (seven months)	1.9
1965		1.6
1966		3.0
1967		3.6
1968		4.9
1969		6.3

Source: Form 840

DEFENDANT'S

DX 513

[illegible]

DEFENDANTS Retype of DX 519 B-91

DX 519

FEB 1 - 1974

1258A

March 1, 1961

Mr. Walter B. McGregor, Director
International Railways of Central America
70 Market Street
Manchester, New Hampshire

Dear Mr. McGregor:

This will acknowledge receipt of and thank you for your letter of February 23rd which I received on Monday when I returned from Central America. The decision reflected in my letter of February 16th represented the considered judgment of the Company's management. At the time it was written, we were aware of Mr. McGovern's unfortunate death, and the statements contained in the letter are applicable to the vacancy created by his death.

We feel that our letter speaks for itself, and the position stated therein is not subject to change in the absence of an unforeseen change in circumstances.

With kindest regards,

Very truly yours,

(Signed) T. E. Sunderland

Thomas E. Sunderland

DX 519

Retype of DX 520

DEFENDANTS

DX 520

FEB 1 - 1974

1259A

1 March 1961

Mr. James B. Cunningham, Director
International Railways of Central America
250 Boylston Street
Boston, Mass.

Dear Mr. Cunningham:

This will acknowledge receipt of and thank you for your letter of February 20, 1961, which I received on Monday when I returned from Central America. No formal resolution of the Directors was adopted with respect to it, but the decision reflected in my letter of February 16th represented the considered judgment of the Company's management. We feel that our letter speaks for itself, and the position stated therein is not subject to change in the absence of an unforeseen change in circumstances.

The Company would be interested in the sale of its entire holdings in the common stock of International Railways of Central America. We believe that a fair price would include a moderate premium over the current market price in view of the number of shares involved. This is not to be construed as an offer to sell the stock; any such offer and sale would be made in a formal written form and subject to full compliance with any applicable SEC regulations.

It is impossible to answer your second and third questions regarding our long-range plans because of the uncertain conditions which exist in Guatemala and the banana industry in general. As a substantial investor in Guatemala, we certainly are interested in the recovery of the industry and the general economic health of that country, including that of International Railways of Central America.

With respect to the matter of dieselisation of the Railways, we do not feel that we are qualified to express an opinion nor that we should attempt to do so in view of the court decision.

I regret that it is not possible to give you a more complete reply to your letter, the contents of which are sincerely appreciated.

With kindest regards,

Very truly yours,

(Signed T. E. Sunderland)

Thomas E. Sunderland

DX 520

12604

FEB 4 - 1974

DEFENDANT'S

EXHIBIT

U. S. DIST. COURT
S. D. OF N. Y.

521

DX 521

UNITED FRUIT CO.
GENERAL OFFICES, 30 STATE JAMES AVENUE
BOSTON 16, MASSACHUSETTS

1261A

October 9, 1963

Honorable Governor of the Republic
Col. Enrique Peralta Azurdia
National Palace
Guatemala

Honorable Sir:

Your Government is aware that operations of our company conducted through Compania Agricola de Guatemala in the Pacific zone in your country has been operating business at great loss. The high cost of freight by rail charged by IRCA from Tiquisate to Puerto Barrios, having been raised considerably during the past few years, because of the failure of the tribunals in the Ripley case, has made it impossible for us to compete with other areas of banana growth. Also, the strong winds in the region which ruin the banana planting, constitutes another important factor for the losses.

The company has made a careful study of the problem arriving at the conclusion that banana production in Tiquisate is not subject to favorable changes and, not being able to continue in a business that produces only losses, there is no other recourse left but to proceed to liquidate said operations. Luckily, the cotton production is developing very well in the Tiquisate area, and we are making it easy for farmers to obtain said lands in order to start the busines of cultivating cotton. By degree, from here on in, we will be executing our plan for the closing of the Tiquisate Division, so that during the course of 1964 we will have closed in full that part of our business.

We have always had the policy of conducting our business within the laws of the country and under the pacts and conditions imposed by our contracts with the Government of Guatemala, and in the same form we will proceed to conduct the liquidation and closing of our business in Tiquisate.

In laying off our workers, and in strict conformance with labor laws, the closing of labor in Tiquisate will cost the company a payment of near one million five hundred thousand quetzales(Q.1,500,000) for indemnizations covering dismissals. This amount will permit our displaced workers to cover not only their necessities as for their family until they find new work, but will permit them to invest in savings or other strong investment products. On the other hand, in conformance with what is explained below, these workers can count with other possibilities in agricultural activities in their own zone.

In conformance with our agreement in contracts with the Government, we plan to give to the State, without cost, the hospital, the radiotelecommunications station and the telephone line, all with equipment and systems. Also, without cost to the State, there is to be transferred the 25 miles of

railroad track for public use to which said contracts refer.

Permit me to explain in greater detail the previous reference made to the production of cotton. The Company has been selling a large part of its lands on the Pacific coast to persons who have put the land to use for the cultivation of cotton. The remainder of the property of the Compania Agricola de Guatemala is also quite good for the cultivation of cotton, and the Company proposes to sell the remaining 13,000 (hectareas)[Note: one hectarea is equivalent to 2.471 acres] that it maintains.In all probability this land will be acquired by the cotton producers. This signifies that the land will continue producing and contributing to the national economy in a greater form than presently because of the large losses the banana industry has suffered in this area. In effect, cotton is an appreciable source of profit; its producers will contribute to the national economy with the payment of taxes, and the displaced banana workers will have the opportunity to work on their own land in the cultivation of cotton.

Our drinking water installations, electric plant and mechanical, carpentry, and sawmill workshops, etc., we expect to sell to local interests in Tiquisate, who could lend these services locally without the need of state or municipal help. This would constitute another direct benefit to the economy of the Tiquisate zone contributed by private initiative.

Our school in Tiquisate will be donated to the Catholic Church, Archdiocese of Guatemala, with sufficient funds so that they can operate the school until January of 1965.

We are contemplating the plan to consolidate the rest of the Tiquisate assets with the assets of the United Fruit in Bananaera, an economic unit which was to have been transferred to the Compania Agricola de Guatemala so that the latter would be operating the Bananera division under the same terms that are actually in force for said division under the conditions of the contracts effected between the United Fruit Company and the Government of Guatemala.

From the aforementioned one can appreciate that the closing of business in Tiquisate would not produce adverse economic effects as was first thought. On the other hand, not only must the Bananera division be maintained but the Company is projecting a major investment in the cultivation of bananas of this division which would bring about benefit to same as well as benefit to the general interests of the national Guatemalan economy.

The Company expects to be able to plant during 1964 two additional properties on the Atlantic coast with the new variety "Valery", which in our judgment constitutes the banana of the future. The Company has planted said variety of banana with experimental purposes in other countries and the results up to now have been favorable. If, as we hope, the same results are

1263A

obtained with the two properties that we plant in 1964, our plan for the present is to expand the cultivation of Valery in the Bananera area, to obtain that same will constitute a healthy financial undertaking.

I am not going into further details on the above since this letter only has as its purpose to inform you and your government of our decision to close Tiquisate and our plans for Bananera. Our representatives in Guatemala are at your entire disposal to deal with the details of this matter with you or with the governmental officials that you chose to designate.

Very truly yours,

Thomas E. Sunderland

DX 521

PX 1002

11-5
11-6

1264A

MEMORANDUM

October 23, 1963

Mr. J. H. Fox:

Mr. Ted Holcombe and Mr. Pinto called today to say that they had delivered, at 1:00 PM, Mr. Sunderland's letter to the head of the Guatemala government advising him of our plan to cease banana operations in the Tiquisate Division.

The President read the letter in their presence and had very few comments. He did say that he was concerned about public utilities, particularly water supply and electricity, as there would be lots of people left in that vicinity who would continue to depend on the supplies which the Company had established. He said that he would like copies of our contracts with the Government covering operations in Bananera and Tiquisate so that he could turn them over to the legal advisers to study the feasibility of having the operations combined under one of our contracts.

Mr. Holcombe and Mr. Pinto were of the opinion that the President would not publish anything about this for the time being, and, if this proved to be the case, it was their opinion that Mr. Pinto should call on the Minister of Agriculture and discuss the matter with him to see just what reactions he had gotten from the President and see if he could find out what instructions had been given.

Now that this letter has been delivered to the President, it seems that the time is opportune to write the letter to Mr. Rath which the Legal Department has prepared for you, and, by copy of this letter, I am asking Mr. Folsom to prepare a letter which we should send to the IRCA.

ROM
R. O. Miller

cc: Mr. T. E. Sunderland
Mr. V. C. Folsom
Mr. R. A. Holcombe

DEFENDANTS
EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.
52/B

DX 521A

1265A

Guatemala, Guatemala
28 October, 1964

Mr. R.O. Miller
B o s t o n.-

Dear Mr. Miller:

Last week we were called by the Minister of Communications and Public Works for discussions on the closing of Tiquisate. The meeting was held at his office on Friday, 23 October.

Attached is copy of resumé of what took place at the meeting. Although they still hold most of the opinions and ideas reported to you in my letter of 30 July 1964, it was sensed and they almost acknowledged that the Company is in no way obligated to build the port.

Our impression is that they are out to obtain the most they can, but at the same time they would rather delay the problem and pass it on to the next government.

We will have to prepare the exposition or memorial requested. We can do here items 2, 3 and 4, but will need your help and recommendations for items 1, 5 and 6.

Very truly yours,

C. E. Pinto

cc: Mr. V.C. Folsom
Mr. R.A. Holcombe
Mr. T.A. Holcombe

DEFENDANT'S

521B

DX521B
DX407

Retype of DX521B(2nd-7th pages)

1266A

English Translation

Meeting held the 23rd of October 1964, in the office of the Minister of Communications and Public Works. It started at 3 P.M. and finished after 6 P.M. The following mediated on the part of the Government:

Eng. Joaquin Olivares M.	Minister of Communications and Public Works
Lic. Carlos Humberto de Leon	Minister of Agriculture
Lic. Jorge Lucas Caballeros	Minister of the Treasury and Public Finance
Dr. Alfonso Ponce Archila	Minister of Public Health and Welfare
Lic. Jorge Jose Salazar Valdes	Minister of Labor and Social Security
Lic. Ramiro Alfonso Auyon B.	Asst. Minister of Communications and P. Works
Lic. Federico Ojeda Salazar	Head of the Legal Office of Government Head
Lic. Raul Asturias Monterroso	Attorney General
Lic. Oscar Hurtado Aguilar	Prosecuting Attorney for the Government

Representing the Compania Agricola de Guatemala:

T. A. Holcombe
Lic. Luis Felipe Pellecer C.
Carlos E. Pinto

Minister Olivares started the meeting stating that the Company had addressed letters to the Head of the Government on October 9, 1963 and June 30, 1964, but that since the channel used was not the one established in the contracts, the letters had been filed; that on September 21st this year, the letter from the Company had been referred to him as Minister of Communications and Public Works, which is the official channel to know about this matter, jointly with the Ministers of the Treasury and Public Finance and Agriculture, and also the Minister of Public Health and Welfare, as the latter has a direct interest in the hospital; that they had requested the presence of the Company representatives to become better acquainted with the matter and thus be in a position to submit their recommendations to the Head of the Government.

DX521B

Then he began reading Mr. Sunderland's letter of October 9, 1963 and after reading the first paragraph, he asked since when the Company had had losses, and which fiscal years they covered; if there was any comparative statement of profit and loss for the entire period of operation in Tiquisate to bring out the average profit or loss.

The Minister was told that offhand we did not have the exact figures as we did not know in advance what was to be taken up in the meeting; that the Company had been bearing losses since 1958 and that they amounted to several millions of quetzales, the pertinent figures being in the office of the Profits Tax; that in the years 1962 and 1963 the Company had had small profits on which the corresponding tax had been paid, but that such profits were due to the sale of lands as the banana had had substantial losses.

Minister Olivares asked if the Company had considered the possibility of continuing the operation with the new banana variety. He was told that even with this new variety it was impossible to carry on the business.

Minister Olivares then referred to the long analysis contained in the second paragraph of Mr. Sunderland's letter and he asked for details in this respect, adding that the Government cared to know exactly the reasons why the Company had given up its operations and he asked that he be provided with the pertinent information. Next he mentioned cotton production, which according to the Company would contribute more efficiently to the national economy. He asked for information and figures to verify what had been asserted.

Here, as an answer, we made a brief history of the sale of lands, stating that the latter had been sold to private growers and to Company employees who were laid-off, including foremen and farm laborers; that in this way the workers would invest their severance pay to become independent with the help of bank loans; that because of the gradual way in which the Company had carried out the closing of its operations, no real economic setback or unemployment had been created, as the lands had immediately been put to use in cotton cultivations, kenaf, "citronela", "te de limón" and even yucca; that the former workers had become owners of land or of other businesses or they had been absorbed by the cotton growers. Also that many preferred to return to

1268A

their native locations to invest their savings there; that to date around 1,800 workers had been liquidated with severance payments of approximately Q1,700,000.00.

Minister Olivares asked whether we had information about the sale of lands and the way the lay-offs and severance payments had been made and, when we answered in the affirmative, he requested that we provide him with the pertinent information. Then he asked again for information concerning the cotton production in the area as this they considered essential to back the report they should submit to the Head of the Government.

Minister Olivares stated that in his opinion the Company should have supplemented its letter of October 9th giving the Government a plan outlining how its operations would be closed, thus making it possible for the Government to exercise the "derecho de tanteo"(1) in several matters, particularly in regard to installations and lands which the Government would possibly have wished to acquire. He was advised that insofar as lands were concerned; the "Instituto de Transformacion Agraria" had mediated in the problem brought about by the workers which in the end had been satisfactorily settled by both parties, the workers having acquired the lands. Reference was made to the donation of approximately 1,000 "caballerias" of land to the Government in 1955; that at present most of these lands are uncultivated and for that reason we considered that the Government was not interested in acquiring more neighboring lands on top of those now idle.

The Minister of Labor mediated to state that his department had participated in the Company problem at the request of the workers; that he had backed the workers in their wish to acquire all of the Company lands, but that later on he had realized that in fact they were committed to third parties and that any change would have caused serious conflicts by lack of compliance with the buyers; that the problem had been later turned over to the courts where it had been settled in conciliation to the satisfaction of the parties and that next the Company began with the lay-offs making the payments provided by the laws and that ever since his department had not received any complaint.

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(1) Right under the Spanish law by which a partner has preference over an outsider for the purchase of a partner's interest.

DX 52 NB

1269A

Minister Olivares continued reading the third paragraph of the letter and inquired whether the Company had complied with its contractual obligations. We answered that in our opinion the Company had complied with all its contractual obligations and that in each case the Government had issued documents which so acknowledged it, which documents the Company considered as a release. As an example, mention was made of the clause concerning the construction of the wharf; that by virtue of the 1936 contract, the obligation of constructing same had become a right, but that notwithstanding this the Company had undertaken to pay the *50,000.00, and made the payment in due time, the Government having issued the required documents to evidence the compliance with this obligation.

The Minister of Public Health mentioned clause 9th, stating that in their opinion the obligation to enter into contracts for 8,000 acres was a permanent one. He was told that the clause established as the only obligation the entering into contracts for an area of 8,000 acres and that the Company had complied and had a letter from the Government so acknowledging it; that the obligation was to be complied with once and that neither the said clause nor the balance of the contract made any reference which obligated the Company to maintain contracts on the area mentioned.

Minister Olivares then mentioned the transfer of the hospital, the 25 miles of railroad and the radiotelecommunications station, adding that perhaps by generosity on the part of the Company the letter had included the telephone network in Tiquisate. He inquired whether the railroad track included rolling equipment and he was told that it was only the track; that in the Rio Bravo-Tiquisate section there was a public passenger and freight service rendered by IRCA. He inquired if that section belonged to the Company and he was told yes, but that since it was a connecting line with the so-called 25 miles, arrangements would have to be made so that this part would also be turned over to the Government, as otherwise the 25 miles would have no useful purpose. He also inquired if the Company had inventories of the hospital, the railroad track and the radiotelecommunications' station and he was answered in the affirmative. Then he talked about the hospital, and said that the water and

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* illegible

Dx 521 B

light services were essential for its operation and that he had learned that the Company had already sold such utilities and he immediately inquired if the Company had discussed with the new owners the free supplying of such services to the hospital, as otherwise it would have to be arranged. He was answered negatively, inquiring in turn if the Government hospitals enjoyed such services free of charge. The Minister answered yes, except in the capital where the electric power public service was operated by a foreign company. He added that it was a constant policy to provide these centers with their own services, in addition to having a connection with the public services to guarantee its continuity in emergency cases. The Minister was advised that the hospital owns an emergency electric plant.

Later he asked if the shops rendered services to the hospital, as, he said, a hospital of such a capacity should have its own shops to take care of its requirements. He was told that the Tiquisate Division was mechanized as a whole and that the shops had originally been established to maintain all the agricultural equipment, but that every now and then they also took care of hospital requirements.

Then he asked what had been done with the Tiquisate school. He was told that it had been sold to a religious order (Catholic) and that it was operating satisfactorily with the proper authorization from the Ministry of Public Education. He asked if we knew the amount of the fees and he was told that we understood they were very reasonable.

The Minister of Public Health mediated to say that the action of the Company in closing down its operations in Tiquisate had been a purely unilateral action that the Government could not permit.

It was answered that the Company had complied with all its contractual obligations and that it had given due notice to the Government bringing out the reasons that had forced the Company to take such a decision; that all this time we had been under the impression that we had acted correctly, as we had not received any complaint or objection whatsoever, except for labor, and that the latter had been satisfactorily settled in the labor courts; that the Company had stated that it would carry out the closing down in strict compliance with the laws of the country and with the pacts and conditions imposed in its contracts with the Government, and that if we had failed

127 6/71A

in anything we would appreciate our being told to comply; that for that reason we would like to receive from the Government a statement of the points with which in their opinion the company had not complied. They answered that the Government had no such obligation but that it was up to the Company to evidence to the Government that it had complied with all its obligations.

The Assistant Minister of Communications inquired as to the reasons why the parties had been lead to enter into the 1936 contract. He was told that we were not in a position to know what was the thinking of those who mediated at that time, but that no doubt for some it had been the drainage of the area, for others its development, etc. Then he said he thought it was the aggregate of many things, among which was that of being a source of employment and that is why he considered that the Company had not complied with all its contractual obligations and thus the unilateral closing down had hurt the Government.

Licenciado Federico Ojeda Salazar, Head of the Legal Office of the Government Head, mediated to back up the opinion of the Assistant Minister.

Then the question came up about the consolidation of the assets of the Compañia Agricola de Guatemala with those of the United Fruit Company so that the Compañia Agricola de Guatemala would operate the Bananera Division under the terms of the contracts of the United Fruit Company. They asked what the reasons were for doing this and were told that the Bananera Division was the only one of the Company divisions which was operating under the name of the United Fruit Company, a name which was a constant target for the extremists and that was one of the reasons why we preferred to operate under Compañia Agricola de Guatemala; that up to now this was still under consideration and that anything we would do in this regard would be previously submitted to the approval of the Government. They stated that they saw the contemplated operation rather complicated and, in their opinion, this meant the drawing up of a new contract. We repeated what we had stated, that the problem was still under consideration.

The Minister of Public Health inquired if the Compañia Agricola de Guatemala had any operation in Bananera and he was told no. He also inquired if there were any employees of the Compañia Agricola de Guatemala in Bananera and he was told no, but that in some cases, namely that of Dr. Iturbide (of which he was aware for they are friends), the Company made transfers, but that in Bananera they stayed working for the United Fruit

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Company. He said that in his opinion that was a consolidation of operations, as the United Fruit Company was assuming obligations of the Compañia Agricola de Guatemala, and that matters of this nature could not be handled without previous authorization from the Government. He was told that these were very isolated cases, and that they were made to protect the workers so that they would not lose the uninterrupted working record and thus continue under the protection of the benefits of the Pension Plan of the United Fruit Company and its affiliates, and that on the other hand there is no law forbidding these transfers. They they asked about the assets, as they said they had learned that large amounts of materials had been transferred to Bananera and they were told these were taken up as sales.

It was evident that they were interested in scrutinizing every operation carried out by the Company in this respect, with the purpose no doubt of exposing that by consolidating their assets the companies had failed in their contractual obligations.

After that they inquired about the plans of investment for the Bananera area and whether the two farms referred to in Mr. Sunderland's letter had been planted. They were advised that both farms are already planted, and upon their insistence about plans for investment, they were told that it was contemplated to carry these over a period of several years. They wanted to hear about the plan of investment and its effect on the national economy.

The Minister of Agriculture took the floor to say that it was essential to speak clear and place the cards on the table; that the Company should inform in detail about the closing of Tiquisate, bringing out the reasons and verifying them; that it should also provide clear details about the investments in the Northern area and that then it would be possible to find a solution to the problem; that the Government had no interest in hurting or intimidating the Company to get something out of it; that the Government was interested in investments, were these national or foreign, offering the required guarantees; that it was not interested in small things such as the transfer of a worker from one Company to another, as this was something which concerned only the party affected; that the interests of the Government were greater and reiterated that both parties agree to discuss the whole problem frankly, openly and in good will. He added that the 1930 contract had been fair, but that the 1936 was

DX 521B

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bad, bad, so bad that it did not stand a legal examination; that the clauses in suspense could not remain as such until the termination of the contract and that a solution had to be found to put an end to them, but not to return to the former and force the Company to pay another Q50,000.00 for failure to construct the wharf, as the Government was not aiming at that.

The Minister of Agriculture also said that when he learned of the closing of Tiquisate he had called the Company representatives to find out if it was possible to set aside these lands for another cultivation or other operation such as livestock, as his department was interested in maintaining the jobs in the area; that he was categorically opposed to having them turned over to the workers to continue with the banana plantations, as he was positive they would end in a complete downfall, inasmuch as, if the Company could not keep them up with all its resources and know-how, it was impossible for the workers to do so.

Because of a certain discrepancy of opinion, we asked what was it that the Government wanted of the Company.

The Ministers of Agriculture and Public Health replied that the official opinion was unified notwithstanding any discrepancy which might be noted; that the first thing to do was to settle the Tiquisate question, and once this had been settled to take up the consolidation of the assets of Compañia Agricola de Guatemala and the United Fruit Company; that in their opinion this would surely imply a revision or drawing up of a new contract.

We asked once more to be given in writing the points which the Government wanted to have included in the exposition from the Company, but they answered they could not do it, but that this could contain:

1 - Reasons why the Company decided on the closing of operations, properly documented.

2 - Statement of having complied with all its contractual obligations, providing the necessary evidence.

3 - Closing program, detailing the different phases: retirement of workers, severance paid; land sales, giving area and names of

12744

buyers and cultivations which have been developed.

4 - Comparative statement to bring out that the lands now planted to cotton have helped the country's economy more than bananas.

5 - Detailed program of contemplated investments for the development of the Northern Coast. ✓

6 - And any other information helping to justify this whole operation. ✓

They were asked if Mr. Sunderland's letter of October 9, 1963 could serve as basis and point of departure for the Company's exposition and they answered in the affirmative.

The meeting was called off after 6 P.M.

DX 521B

DX 521B

DX 794 marked as
DX 524 /2755A

DEFENDANT'S

MAR 5 - 1974

REC'D BY

APR 19 1963

J. M. FOX

18 April 1963

Mr. John M. Fox
United Fruit Company
30 St. James Avenue
Boston 16, Massachusetts

Dear Mr. Fox,

Please forgive me for not having responded sooner to your communication of March 27th but I have only recently returned to New York.

I think it is an excellent idea that we meet and discuss the movement of bananas from your Tiquisate Division. If you could see your way clear to meet with me in New York for lunch on Wednesday, May 1st, it would be excellent timing. Our President, Mr. Harold Haase, will be in New York at the time in connection with a Board Meeting of the Railroad which takes place on Friday, May 3rd and he could join us for a business conference either during or after lunch.

With kindest personal regards.

Sincerely,

O. Roy Chalk

O. ROY CHALK

ORC/ss

DX 524

~~PX 28~~
DX 526

1276A

3392

[EXHIBIT 11 to SUNDERLAND 5 OT]

AGRICULTURAL OPERATIONS
MAR 28 1963
R.O.H.
E.Y.J.
F.X.K.
M.T.
V.C.D.

March 27, 1963

Mr. O. Roy Chalk, President
Transportation Corporation of America
3600 M Street N.W.
Washington 7, D. C.

Dear Mr. Chalk:

In case you missed it, I thought you would like to have for your scrapbook this very complimentary article covering your meeting with President Ydigoras of Guatemala. You are certainly to be congratulated for this very fine piece of public relations.

This reminds me of our unfinished business with regard to the transportation problems from our Tiquisate Division via the IRCA to the East Coast. As I think I made clear at our very pleasant luncheon, the Company was under a very severe handicap due to the cost of this freight and was facing the possibility of having to close down the division unless some remedy could be found. The operating figures that I have been looking at covering the performance this year to date continue to bear out this ever worsening situation. If this trend continues, we will soon have no alternative but to discontinue the production and shipping of bananas from this Company division.

Now that your people have had an opportunity to look over the situation I am wondering if they have been able to come up with any suggestions which can be of mutual benefit to both of our companies. I shall look forward to hearing from you at your convenience.

Warm regards,

Cordially,
[Signed] John M. Fox

Enclosure

bcc: Mr. R. O. Miller

DX 526

~~DX 985~~

DX 527

1277A

From the desk of
THOMAS E. SUNDERLAND

6/3/63

To

J. M. Fox

Since I will be out of the city — + this is your "baby" anyway — will you please answer.

Folsom or some Law Dept. rep. ought to sit with you plus Ro Muller

TS

DX 527

Retype of Dx 527 (2nd page of exhibit)

1078A

TCA
Transportation Corporation of America/375 Park Avenue, New York 22, N.Y.

393
dft

REC'D BY
AUG 2 1963
J.M.FOX

1 August 1963

Mr. Thomas E. Sunderland, President
United Fruit Company
30 St. James Avenue
Boston, Massachusetts

Dear Mr. Sunderland,

It would be greatly appreciated if we could set up an appointment between August 19th and August 29th, 1963, at a mutually convenient place and time, for a discussion of general transportation matters involving the servicing of your account and the special equipment belonging to United Fruit and Compania Agricola and presently under lease to us.

Very truly yours,

O. Roy Chalk

W

ORC/ss
cc: Mr. John Fox, Vice President ✓

Let me know date *

Dx 527

*handwritten

DEFENDANT'S

MAR 5 - 1974

Retype of DX 529

1279A

REC'D BY

MAY 29 1963
J. M. FOX

MEMORANDUM

May 29, 1963

Mr. T. E. Sunderland:

In the latter part of 1960 it became apparent that there was a very real danger that large areas of land in the Tiquisate Division might be lost through encroachment by squatters, agrarian reform legislation or a combination of both. At that time we owned approximately 200,500 acres on the west coast of Guatemala, of which only 44,500 acres were classified as improved land. The remaining 156,000 acres were undeveloped and presented an attractive target for squatters and proponents of agrarian reform legislation.

The demand for land in this area for cotton activities provided an opportunity to profitably dispose of the surplus acreage and the first step in this direction was taken by action of the Board of Directors on December 19, 1960, which authorized the sale of approximately 78,000 acres at that time. Subsequent authorizations increased the lands available for sale to approximately 160,000 acres.

The various areas to be sold were designated by Block numbers and minimum selling prices per acre were assigned to each Block, with the understanding that the specified minimum rates should be improved upon whenever possible but that no sales could be made below the specified minimum rates without your prior approval.

Up to the present time we have received the documents on completed sales covering sales of 107,124 acres with a sales value of $5,152,266.17. The cash deposits in connection with these sales total $1,516,543.54 which is an average - for the cash deposits only -- of approximately $14 per acre, or almost double the Book Value per acre of the lands sold.

The sales to date can be summarized as follows with respect to the minimum sales prices per acre:

Acres Sold	Minimum Per Acre	Sold Below Minimum Acres	%	Sold at Minimum Acres	%	Sold Above Minimum Acres	%	Average Sales Price Per Acre
3,580	$5	—	—	—	—	3,580	100	$18.00
1,400	18	—	—	—	—	1,400	100	60.00
1,190	20	—	—	—	—	1,190	100	28.04
39,277	25	—	—	1,041	3	38,236	97	34.58
30,150	30	—	—	—	—	30,150	100	43.19
1,820	40	—	—	—	—	1,820	100	64.90
2,312	45	—	—	—	—	2,312	100	65.00
16,570	50	877	5	847	5	14,846	90	60.64
305	55	305	100	—	—	—	—	40.00
9,152	75	1,274	14	822	9	7,056	77	84.50
1,367	100	—	—	1,367	100	—	—	100.00
1	15,000	—	—	1	100	—	—	15,000.00
107,124		2,456	2	4,073	4	100,590	94	$ 48.10

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You will note from the foregoing that 94% of the acreage sold to date has been sold above the specified minimum rates per acre, 4% at the specified minimum rates and 2% below the specified minimum rates per acre. Of the 2,456 acres in the latter category, 1,274 acres were sold to Mr. and Mrs. Giardino and the balance of 1,182 acres were sold at reduced rates with your prior approval.

Because of the reasons outlined below we now request authorization to sell an additional 613 acres at rates below the specified minimums:

Block I. This block consists of 292 acres and has a specified minimum price of $45 per acre. None of the land in this block has yet been sold. Mr. DeLawder advises that this land consists of broken heavy clay suitable only for second class pastures and has requested permission to sell this area for $25 per acre.

Block M. This block consists of 9,855 acres with a specified minimum price of $75 per acre. Sales to date in this block total 8,504 acres with an average sales price per acre of $83.53. However, there is a lot of 156 acres within this block which is woodland with second class soil and Mr. DeLawder has requested permission to sell this lot at $50 per acre.

Block J. This block consists of 2,477 acres with a specified minimum price of $45 per acre. The greater part of the block, 2,312 acres, has been sold at $65 per acre but the remainder, 165 acres, consists of woodland with broken, second class soils. Mr. DeLawder has requested permission to sell these 165 acres at $20 acre.

Because of the soil conditions mentioned we have been unable to sell these particular areas at the minimum rates per acre and consider that the originally specified minimum rates per acre should be reduced. Offers to purchase these areas at the reduced prices have been received.

Please advise if it will be in order to make these reductions which are summarized as follows:

Land in Block	Acres	Rate per Acre Original	Rate per Acre Reduced	Dollar Value of Reduction
I	292	$45	$25	$ 5,840
M	156	75	50	3,900
J	165	45	20	4,125
Totals	613			$13,865

R. O. Miller

cc: Mr. J. M. Fox

DX 529

* Retype of DX 530
DEFENDANTS March 5, 1974

1281A

MEMORANDUM

March 8, 1962

Mr. J. M. Fox:

TROPICAL DIVISION LANDS

At the close of 1960 the owned land pertaining to the divisions under the juridciction of this department totalled 1,510,678 acres.

The comparative figure at the close of 1961 was 1,355,132 acres, or a reduction of 155,546 acres.

Various sales totalling 129,263 acres account for the majority of the reduction and the balance is due to corrections to actual measurements, donations, transfers to Governments, etc.

According to the Accounting records the 129,263 acres were sold for $5,385,854.31. This represents the conversion of some mainly unproductive assets into a considerable number of dollars and receivables.

Efforts to sell surplus lands are continuing but the market for lands and land values vary widely in the different countries. Squatter infestation and the resultant inability to offer the land for sale free of claims is a major obstacle in some areas.

Comments on the individual divisions follow:

COLOMBIA

Sales totalling 16,927 acres were recorded during 1961, with the sale of our banana farms and the Patuca properties being the main items. We still own large areas of surplus land in this division and we have requested recommendations from the Division Manager as to possible sales or disposals.

GOLFITO

Authorization has been given to sell or otherwise dispose of approximately 14,000 acres. No sales of surplus land have as yet been made under this authorization and due to the location and condition of the land, squatters, and economic condition of the country, the prospects of selling any considerable acreage is remote.

LIMÓN

The owned acreage in the Limón Division decreased by 22,064 acres in 1961, with the sale of approximately 20,900 acres in the Rio Frio area being the largest single item causing this decrease.

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*illegible

1282A

On July 31, 1961, the Executive Committee authorized the donation of approximately 50,474 acres in this Division to the Government and this transaction is currently in process. This will leave approximately 125,000 acres in this division.

Interest has been shown in the past for the purchase of the balance of the Rio Frio lands (12,300 acres), the Talamanca lands (32,000 acres) and the lands in the former Abaca development (12,000 acres) but nothing concrete has developed to date. Howdver, authorization to negotiate for the sale of the abaca lands is being requested.

The Banco Nacional has recently expressed interest in acquiring the Cacao Plant in Limón and the cacao acreage in the Limón area. This matter is being followed up by Mr. Holcombe.

QUEPOS

The sale of 25,097 acres of surplus lands in this division has been authorized but no sales have been effected under this authorization as yet. Some minor sales are expected in the near future, but these are not expected to be important as regards either value or acreage.

DOMINICAN REPUBLIC

The sale of 18,578 acres of surplus land was authorized in 1961 and 1,399 acres sold under this authorization. In August, 1961, the Manager advised that he had pending a sale of approximately 9,000 acres and several smaller sales; however, no sales other than the 1,399 acres have been reported. The disturbed conditions in this country have undoubtedly affected the sales possibilities.

ECUADOR

Sales of 38,665 acres during 1961 plus adjustments of acreage measurements reduced the lands owned at the close of 1961 to 93,828 acres. Efforts are being made to dispose of the Tenguel area consisting of approximately 77,000 acres, and the balance of the land, with the exception of 2 acres in Quayaquil, is in the process of being transferred to the Government.

GUATEMALA EAST

Authorization has been given to sell or otherwise dispose of 60,693 acres of surplus lands and sales are currently being effected under this authorization. The estimated sales value of the land to be sold this year is $300,000.

GUATEMALA WEST

There is a good market for the surplus lands in this division, due

DX 530

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mainly to cotton growing activities, and authorization has been given to sell approximately 134,000 acres. Sales of 47,395 acres were recorded during 1961 with a sales price of $2,581,995.50. Sales for 1962 are expected to approximate this value.

HONDURAS

The sale of 43,447 acres of surplus land has been authorized but only 1,989 acres were sold in 1961. Sales are continuing but there is little demand for the land, even at the low prices which can be obtained.

ARMUELLES

Authorization to sell 12,837 acres of surplus land has been given and 1,095 acres were sold in 1961. Occupation of idle land by squatters has been an obstacle to sales and the possibility of selling some of the land to the Government is currently being explored.

BOCAS

Authorization to sell 9,339 acres of surplus land has been given but no land sales were recorded during 1961.

NICARAGUA

There are 13,878 acres in this division of which 3,829 acres are classified as "Improved". The majority of the improved acreage is in oil palm and timber. This entire division could be considered as surplus but current plans are to retain ownership pending an anticipated increase in land values expected to result from opening of the Rama Highway which is now under construction.

GENERAL

The attached detail shows the status of owned acreage as of the close of 1961 by divisions and the acreage which has been authorized for sale or other disposal. With the exception of Colombia and Nicaragua, all divisions have been authorized to sell or get rid of land to the extent of 422,700 acres.

R. O. Miller

Attachment

cc: Mr. R. A. Holcombe

DX 530

1284A

DETAIL OF OWNED ACREAGE, 12/31/61

Division	Acres Owned	Authorized for Sale or Other Disposal #	Balance #
Colombia	64,071	—	64,000
Golfito	132,044	14,000	118,000
Limón	175,268	62,775	112,500
Quepos	60,682	25,100	35,600
Dominican Republic	42,622	17,200	25,400
Ecuador	93,828	93,826	2
Guatemala East	142,555	60,700	81,800
Guatemala West	148,655	86,600	62,100
Honduras	255,407	41,500 (1)	213,900
Armuelles	91,207	11,700	79,500
Bocas	134,915	9,300	125,600
Nicaragua	13,678	—	13,900
TOTAL	1,355,132	422,701	932,302

Approximate

(1) In addition to authorization for sale or other disposal of this owned land, authorization has been given to sell or otherwise dispose of 47,700 acres of leased land.

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1285A

CAC COST TO TRANSPORT AND LOAD BANANAS

	1959	1960	1961	1962
	(in thousands of dollars)			
mpany Railway within Tiquisate				
Maintenance of Way and Structures	$ 80.0	$ 60.2	$ 30.7	$ 29.9
Maintenance of Equipment	35.7	32.5	26.2	20.8
Transportation				
Fuel for Locomotives	21.0	22.6	17.4	17.7
Engineers, Firemen and Trainmen	42.3	36.4	25.0	23.8
Other	43.8	38.6	31.8	31.4
Total	222.8	190.3	131.1	123.6
ount Paid to I.R.C.A.*	1793.9	2282.7	1790.9	953.3
nana Loading Expense	521.3	731.6	466.1	306.2
tal Transportation and Loading Cost	$ 2538.0	$ 3204.6	$ 2388.1	$1383.1
rs of Bananas Shipped	13,799	17,559	13,693	7,305
ST PER CAR	$183.92	$182.50	$174.40	$189.34

\# Adjusted to post-Ripley rates for 1959 and 1960.

DEFENDANT'S MAR 5 - 1974

DX 536

DX536

~~DX 165~~ DX 543 ~~DEFENDANT'S~~

MEMORANDUM

1286A

REC'D BY

JUN 16 1964

J. M. FOX June 15, 1964

Mr. Fox:

As a matter of interest and information, we have summarized the shipments from Ecuador by market for 1963 and 1964 for the period ending May 30th.

	Market	Stems	Boxes	Stem Equivalent	% Increase or Decrease 1964
1963	U. S. & Canada	8,677,996	906,268	9,244,413	
1964	" " "	4,318,778	9,742,161	10,407,629	+12.6
1963	Europe	3,735,856	81,752	3,794,250	
1964	"	5,950,113	683,260	6,438,156	+69.7
1963	Japan	2,358,478	2,300	2,360,395	
1964	"	3,654,699	797	3,655,363	+54.9
1963	South America	402,788	2,690	404,709	
1964	" "	222,538	-	222,538	-45.0
1963	Total	15,175,118	993,010	15,803,767	
1964	"	14,146,128	10,426,218	20,723,686	+31.1

Ecuador's total shipments for 1963 were approximately 43,000,000 stem equivalent.

If shipments continue at the present rate, total shipments for 1964 will be some 56,000,000 stems. Present indications, however, are that production may fall off somewhat and present rate of increase over 1963 may not continue. It seems safe to predict, nevertheless, that total shipments for 1964 will be well over 50,000,000 stem equivalents. This is by far the largest amount of bananas that has ever been shipped from any one country during a year. It is common knowledge that for many years total available production has never been shipped due to lack of purchasers; however, 1964 looks like the year that Ecuador will reach its full potential, and this makes Eddie Taylor's task difficult. The producers are at the moment in the driver's seat and are in a bargaining position--especially those who have good fruit. The banana business is making a real contribution to the economy of the country and the currency is hardening.

It is interesting to speculate what would happen to the banana markets if there should be an extended interruption to this supply due to labor difficulties or revolution. It would be spectacular. However, at the present time this appears unlikely.

So long as the Ecuadorian Government is able to get funds to build roads to undeveloped areas to replace the abandonments, there does not appear to be any reduction of tonnage in sight due to loss of acreage.

DX 542

1287A

15024

Therefore, to meet the competitor who needs only a ship charter and a checkbook (no investment or overhead) to stay in business, the Company must accomplish three things:

(1) Have a better product than our competitors. We already do, with the exception of our shipments from Ecuador.

(2) Have a product that is very competitive costwise landed in the States or Europe. This is in the mill.

(3) Have a dependable source of supply. We believe that with the Valery the biggest danger to supply, namely, blowdowns, will be minimized. The policy of having some 4,000,000 stems of "insurance" production also should help substantially to make supply more dependable.

R.O. Miller

R. O. Miller

cc: Mr. T. E. Sunderland
Mr. H. C. Cornuelle

DX 542

MAR 5 - 1974
DEFENDANTS
Dx 543a

AVERAGE PRICE PER 100 LBS. - STEM FRUIT
EASTERN U.S. PORTS

1963

	Honduras	Armuelles	Ecuador	Guat. East	Guat. West	Dom. Rep.	Average All Divisions
January	$ -	$5.79	$ -	$ -	$ -	$ -	$5.79
February	5.62	6.20	6.27	5.86	-	-	6.20
March	5.52	6.35	5.96	5.24	-	5.03	5.93
April	5.67	6.78	6.22	6.21	-	5.89	6.33
May	5.71	6.48	5.80	5.80	-	-	6.05
June	6.21	6.50	5.99	5.75	4.57	5.59	6.07
July	-	5.55	4.74	4.53	5.14	-	4.79
August	5.14	5.74	4.28	4.77	-	4.34	4.53
September	5.64	-	4.67	4.85	4.21	-	4.66
October	4.64	6.16	4.82	5.90	-	-	4.84
November	-	-	4.01	4.02	4.00	-	4.01
December	3.84	-	3.93	-	-	-	3.93
Total Year	$5.70	$6.35	$5.16	$5.66	$4.53	$5.35	$5.57

12884

Source: Form 71

DEFENDANTS
Dx 546
MAR 5 - 1974

AVERAGE BANANA PRICES - PER CWT.

ALL EASTERN AND SOUTHERN U.S. PORTS OF IMPORTATION
(NEW YORK, BALTIMORE, CHARLESTON, MOBILE, NEW ORLEANS)
STEM FRUIT ONLY

1955 - 1963

	1955	1956	1957	1958	1959	1960	1961	1962	1963
Armuelles	$7.56	$7.14	$7.16	$6.70	$6.86	$5.61	$5.81	$6.09	$6.34
Bocas	7.52	7.06	7.30	6.43	6.58	4.49	4.29	4.94	-
Colombia	6.98	6.06	4.78	5.05	4.48	-	-	7.08	-
Ecuador	6.56	5.77	5.77	6.12	4.79	4.42	5.12	5.46	5.18
Golfito	7.01	7.47	7.40	6.94	6.39	5.14	4.93	5.96	6.91
Guatemala East	7.39	6.85	6.61	6.88	6.55	4.67	4.69	5.62	5.66
Guatemala West	6.97	6.43	6.72	6.15	5.92	4.49	4.44	4.92	4.64
Honduras	7.22	7.14	6.51	6.53	6.52	4.89	5.26	5.84	5.63
Dominican Republic	7.16	6.52	7.57	6.97	6.45	4.09	5.01	4.95	5.35
Quepos	7.65	6.64	-	-	-	-	-	-	-
Total All Divisions	$7.13	$6.76	$6.69	$6.51	$6.22	$4.82	$5.19	$5.68	$5.56

1289A

Source: Form 71

DEFENDANTS D x 546 MAR 5 - 1971

AVERAGE BANANA PRICES - PER CWT.
ALL EASTERN U.S. (NEW YORK AND BALTIMORE) PORTS OF IMPORTATION
STEM FRUIT ONLY

1955 - 1963

	1955	1956	1957	1958	1959	1960	1961	1962	1963
rmuelles	$7.50	$7.28	$7.27	$6.74	$6.88	$5.60	$5.90	$6.16	$6.35
ocas	7.40	7.18	6.60	6.29	6.46	6.10	4.23	5.11	-
olombia	7.02	6.15	4.80	4.21	4.30	-	-	7.08	-
cuador	6.35	5.11	5.29	4.02	4.06	4.31	5.33	5.90	5.16
lfito	6.94	7.58	7.88	6.83	6.55	5.30	4.98	6.03	-
atemala East	7.55	6.94	7.51	7.36	6.50	4.75	4.63	5.78	5.67
atemala West	6.81	6.22	6.10	6.01	5.88	4.55	4.20	4.98	4.53
nduras	7.03	7.15	6.71	6.60	6.58	4.85	5.29	6.01	5.70
minican Republic	7.14	6.81	7.95	7.04	6.84	3.94	5.17	5.06	5.35
epos	7.66	6.88	-	-	-	-	-	-	-
tal All Divisions	$7.05	$6.79	$6.80	$6.55	$6.39	$4.90	$5.34	$5.95	$5.58

1290A

rce: Form 71

DEFENDANTS EXHIBIT D x 546 b

AMP 5 - 1274

AVERAGE BANANA PRICES - PER CWT.
ALL SOUTHERN U.S. PORTS (CHARLESTON, MOBILE AND NEW ORLEANS) OF IMPORTATION
STEM FRUIT ONLY

1955 - 1963

	1955	1956	1957	1958	1959	1960	1961	1962	1963
rmuelles	$7.63	$6.94	$6.87	$6.64	$6.75	$5.64	$5.27	$5.49	$6.33
ocas	7.60	6.98	7.48	6.51	6.63	4.34	4.53	4.72	-
olombia	6.89	5.67	4.72	5.83	4.69	-	-	-	-
cuador	6.80	6.25	6.17	6.34	5.08	4.47	5.01	5.16	5.20
olfito	7.12	7.03	6.44	7.59	6.07	5.04	4.78	5.72	6.91
uatemala East	7.35	6.84	6.53	6.60	6.57	4.58	4.74	5.25	5.65
uatemala West	7.03	6.49	6.87	6.23	5.94	4.40	4.64	4.76	5.02
onduras	7.37	7.12	6.28	6.44	6.45	4.94	5.22	5.72	5.58
ominican Republic	7.19	5.45	7.31	6.90	6.24	4.32	4.60	4.63	5.09
epos	7.61	5.86	-	-	-	-	-	-	-
tal All Divisions	$7.22	$6.74	$6.57	$6.46	$6.02	$4.73	$5.01	$5.28	$5.52

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URCE: FORM 71

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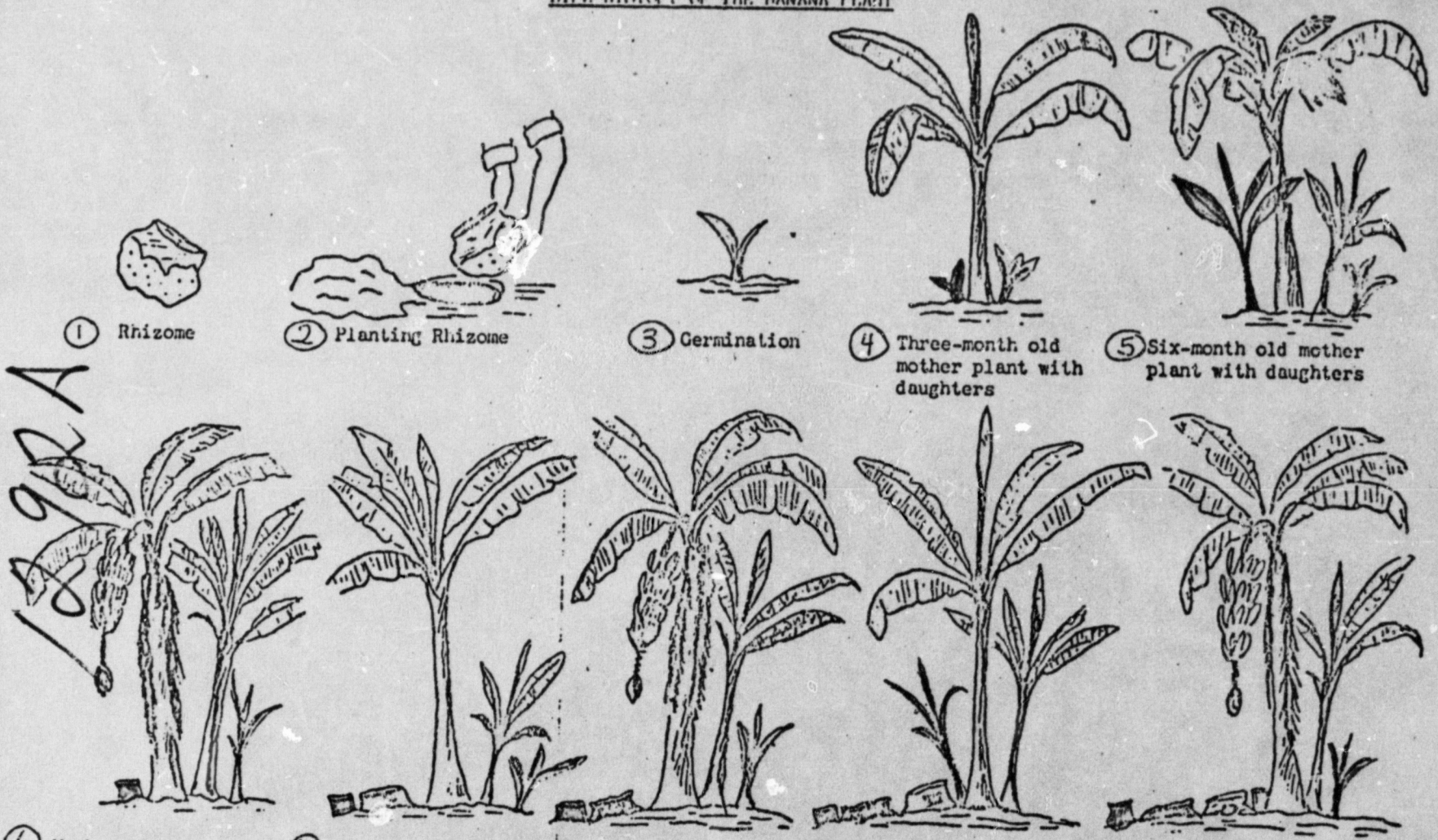
LIFE HISTORY OF THE BANANA PLANT



1. Rhizome
2. Planting Rhizome
3. Germination
4. Three-month old mother plant with daughters
5. Six-month old mother plant with daughters
6. Mother plant ready for harvest with daughter and granddaughter
7. Second generation mother plant with daughters
8. Second generation mother plant ready for harvest with daughter and granddaughter
9. Third generation mother plant with daughters
10. Third generation mother plant ready for harvest with daughter and granddaughter

This succession of plant generations may continue indefinitely unless interrupted by disease or other problems

DEFENDANT'S

DX 547

DX 548

STEMS SHIPPED AND LOST PER ACRE
(Stem Equivalent Used For Box Shipments)

FOUR-YEAR AVERAGE, 1960 - 1963

	TIQUISATE	BANANERA	HONDURAS	ARMUELLES	GOLFITO	BOCAS
1. STEMS SHIPPED PER ACRE	192	218	254	237	224	318
% of Stems Shipped/Acre Plus Stems Lost/Acre	49%	53%	73%	61%	65%	64%
2. STEMS LOST PER ACRE:						
a. Rejected Due to Damage in Transit Between Farm and Wharf	6	3	2	2	0	1
% of Stems Shipped/Acre Plus Stems Lost/Acre	1.52%	0.73%	0.57%	0.52%	0%	0.20%
b. Rejected at Farm	29	34	14	20	22	87
% of Stems Shipped/Acre Plus Stems Lost/Acre	7%	8%	4%	5%	6%	18%
c. Lost Due to Blowdowns	152	128	63	114	81	43
% of Stems Shipped/Acre Plus Stems Lost/Acre	38%	31%	18%	30%	23%	9%
d. Lost Due to Doublings and Uprootings	16	26	18	14	20	44
% of Stems Shipped/Acre Plus Stems Lost/Acre	4%	6%	5%	4%	6%	9%
Total Stems Lost Per Acre	203	192	96	149	122	175
% of Stems Shipped/Acre Plus Stems Lost/Acre	51%	47%	27%	39%	35%	36%
3. TOTAL OF STEMS SHIPPED/ACRE PLUS STEMS LOST/ACRE	395	410	350	386	346	493
Average Acres in Bearing	15,694	7,510	18,834	25,525	22,222	4,107

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STEMS SHIPPED AND LOST PER ACRE
(Stem Equivalent Used For Box Shipments)

1960

	TIQUISATE	BANANERA	HONDURAS	ARMUELLES	GOLFITO	BOCAS
1. STEMS SHIPPED PER ACRE	236	185	216	270	250	205
% of Stems Shipped/Acre Plus Stems Lost/Acre	58%	42%	64%	63%	75%	39%
2. STEMS LOST PER ACRE:						
a. Rejected Due to Damage in Transit Between Farm and Wharf	4	2	3	1	0	2
% of Stems Shipped/Acre Plus Stems Lost/Acre	0.99%	0.92%	0.89%	0.23%	0%	0.38%
b. Rejected at Farm	36	82	29	28	62	160
% of Stems Shipped/Acre Plus Stems Lost/Acre	9%	19%	9%	7%	19%	31%
c. Lost Due to Blowdowns	105	151	71	110	8	96
% of Stems Shipped/Acre Plus Stems Lost/Acre	26%	35%	21%	26%	2%	18%
d. Lost Due to Doublings and Uprootings	25	17	18	18	15	61
% of Stems Shipped/Acre Plus Stems Lost/Acre	6%	4%	5%	4%	4%	12%
Total Stems Lost Per Acre	170	252	121	157	84	319
% of Stems Shipped/Acre Plus Stems Lost/Acre	42%	58%	36%	37%	25%	61%
3. TOTAL OF STEMS SHIPPED/ACRE PLUS STEMS LOST/ACRE	406	437	337	427	334	524
Average Acres in Bearing	18,660	5,919	24,437	28,708	17,612	3,652

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STEMS SHIPPED AND LOST PER ACRE
(Stem Equivalent Used For Box Shipments)

1961

	TIQUISATE	BANANERA	HONDURAS	ARMUELLES	GOLFITO	EXCAS
1. STEMS SHIPPED PER ACRE	200	199	280	277	201	287
% of Stems Shipped/Acre Plus Stems Lost/Acre	48%	44%	71%	69%	67%	59%
2. STEMS LOST PER ACRE:						
a. Rejected Due to Damage in Transit Between Farm and Wharf	7	2	1	4	0	2
% of Stems Shipped/Acre Plus Stems Lost/Acre	1.66%	0.45%	0.25%	0.99%	0%	0.41%
b. Rejected at Farm	46	23	11	9	11	131
% of Stems Shipped/Acre Plus Stems Lost/Acre	11%	5%	3%	2%	4%	27%
c. Lost Due to Blowdowns	151	195	83	94	74	22
% of Stems Shipped/Acre Plus Stems Lost/Acre	36%	44%	21%	23%	25%	5%
d. Lost Due to Doublings and Uprootings	17	29	19	19	12	44
% of Stems Shipped/Acre Plus Stems Lost/Acre	4%	6%	5%	5%	4%	9%
Total Stems Lost Per Acre	221	249	114	126	97	199
% of Stems Shipped/Acre Plus Stems Lost/Acre	52%	56%	29%	31%	33%	41%
3. TOTAL OF STEMS SHIPPED/ACRE PLUS STEMS LOST/ACRE	421	448	394	403	298	486
Average Acres in Bearing	16,557	7,316	21,956	23,930	24,050	3,594

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STEMS SHIPPED AND LOST PER ACRE
(Stem Equivalent Used For Box Shipments)

1962

	TIQUISATE	BANANERA	HONDURAS	ARMUELLES	GOLFITO	LIMON
. STEMS SHIPPED PER ACRE	137	250	221	192	230	366
% of Stems Shipped/Acre Plus Stems Lost/Acre	36%	60%	74%	53%	59%	75%
. STEMS LOST PER ACRE:						
a. Rejected Due to Damage in Transit Between Farm and Wharf	5	4	2	2	0	1
% of Stems Shipped/Acre Plus Stems Lost/Acre	1.32%	0.96%	0.67%	0.55%	0%	0.20%
b. Rejected at Farm	20	28	10	25	9	38
% of Stems Shipped/Acre Plus Stems Lost/Acre	5%	7%	3%	7%	2%	8%
c. Lost Due to Blowdowns	208	114	46	129	130	46
% of Stems Shipped/Acre Plus Stems Lost/Acre	55%	27%	15%	35%	33%	9%
d. Lost Due to Doublings and Uprootings	9	20	21	17	20	35
% of Stems Shipped/Acre Plus Stems Lost/Acre	2%	5%	7%	5%	5%	7%
Total Stems Lost Per Acre	242	166	79	173	159	120
% of Stems Shipped/Acre Plus Stems Lost/Acre	63%	40%	26%	47%	41%	25%
. TOTAL OF STEMS SHIPPED/ACRE PLUS STEMS LOST/ACRE	379	416	300	365	389	486
Average Acres in Bearing	14,289	8,506	16,747	24,660	24,089	4,706

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STEMS SHIPPED AND LOST PER ACRE
(Stem Equivalent Used For Box Shipments)

1963

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	TIQUISATE	BANANERA	HONDURAS	AGUELLES	GOLFITO	BANAS
1. STEMS SHIPPED PER ACRE	196	240	297	208	213	413
% of Stems Shipped/Acre Plus Stems Lost/Acre	52%	71%	80%	59%	59%	87%
2. STEMS LOST PER ACRE:						
a. Rejected Due to Damage in Transit Between Farm and Wharf	8	5	1	1	0	0
% of Stems Shipped Acre Plus Stems Lost/Acre	2.14%	1.47%	0.27%	0.28%	0%	0%
b. Rejected at Farm	14	6	8	17	6	16
% of Stems Shipped/Acre Plus Stems Lost/Acre	4%	2%	2%	5%	2%	3%
c. Lost Due to Blowdowns	143	52	52	122	112	8
% of Stems Shipped/Acre Plus Stems Lost/Acre	38%	15%	14%	35%	31%	2%
d. Lost Due to Doublings and Uprootings	13	36	15	2	32	36
% of Stems Shipped/Acre Plus Stems Lost/Acre	4%	11%	4%	0%	8%	8%
Total Stems Lost Per Acre	178	99	76	142	150	60
% of Stems Shipped/Acre Plus Stems Lost/Acre	48%	29%	20%	41%	41%	13%
3. TOTAL OF STEMS SHIPPED/ACRE PLUS STEMS LOST/ACRE	374	339	373	350	363	473
Average Acres in Bearing	13,272	8,301	12,195	24,801	23,135	4,477

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

MINUTES OF MEETING OF BOARD OF DIRECTORS

1298A

New York, N. Y., March 22, 1956.

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Thursday, March 22, 1956, at 11:00 A.M., at No. 57 Broadway, New York, N. Y., pursuant to due notice sent to all of the Directors.

* * *

Cia. Agricola de Guatemala
Transfer - 100 Banana Cars

Mr. Beal put before the Board for decision whether to purchase 100 out of the 200 banana cars owned by Compania Agricola de Guatemala and put into service in 1948. Mr. McGovern and Mr. Pollan at this point left the meeting. It was then explained that the question for decision arose in the following way. Under the agreements between this Company and Agricola, the latter owns the equipment (locomotives and banana cars) needed to move its west coast bananas. Prior to the agreement of May 18, 1948, between this Company and Agricola - which agreement, among other things, fixed the terms for the use by this Company of the equipment owned by Agricola - 640 banana cars had been acquired by Agricola and were located in Guatemala available for hauling its west coast bananas. Of these 640 banana cars, 200 were put in service in 1948.

The agreement of May 18, 1948, provides in relevant part that when Agricola decides that any of its equipment is no longer required for its banana transportation business in Guatemala, this Company has the right to buy such equipment in whole or in part at its value on the books of Agricola.

Under date of February 25, 1956, Mr. Redmond, President of United Fruit Company, advised Mr. Bradshaw by letter that 100 of the 200 banana cars put into service in 1948 were not needed for west coast banana shipments to Puerto Barrios and that the book value of these 100 cars was approximately $200,000. A copy of Mr. Redmond's letter was furnished to each

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member present, from which letter it appeared that if this Company did not elect to purchase the 100 banana cars, it was intended to move them to Panama.

Mr. Beal stated that counsel had advised that Agricola was free to move its 100 banana cars if it so desired, subject only to the contract rights of this Company to purchase them or some of them at their book value.

Mr. Tennyson stated that Mr. Bradshaw had in two letters recommended against this Company purchasing any of the Agricola banana cars, principally on the grounds that any money to be spent for equipment could be better spent in buying box cars rather than banana cars since box cars have more capacity and are weatherproof whereas banana cars are not weatherproof. A copy of Mr. Bradshaw's letter to Mr. Tennyson, No. 57 of February 27, 1956, was furnished to each member present. It was explained that counsel had advised that since this Company was given by Agricola the right itself to select the particular 100 cars or part thereof, it was not necessary for Agricola to specify the number of the particular cars offered for purchase.

There was full discussion, after which, on motion duly made, seconded and unanimously adopted, it was

RESOLVED, that this Company will not exercise its right to buy 100 banana cars owned by Compania Agricola de Guatemala (out of 200 such cars put into service in 1946) or any of them and the proper officers of this Company be and they hereby are authorized and instructed to notify Compania Agricola de Guatemala accordingly.

Upon motion it was voted to adjourn.

A true record.

Attest

Secretary.

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An adjourned meeting of the Board of Directors of International Railways of Central America was held on Tuesday, July 2, 1957, at 10:30 A.M. at No. 57 Broadway, New York, N.Y., pursuant to the adjournment of a meeting held on June 27, 1957.

The following Directors, constituting a quorum of the Board, were present:

Messrs. Gerald F. Beal, Chairman,
W. Palmer Dixon,
George Leib,
James McGovern,
Hugh R. Partrige,
Harold A. Sutphen,
Frank I. Tennyson, and
Herman E. Willer.

The meeting was called to order by the Chairman. The Secretary kept a record of the minutes.

Standard Fruit & Steamship Co.

The Chairman referred to the draft letter agreement dated June 20, 1957 addressed to Mr. D'Antoni, President of Standard Fruit Company.

Mr. McGovern stated that he would not withdraw from the meeting but that he would take no part in the discussion and would not vote.

There was a full discussion of the matter, after which upon motion duly made, seconded and adopted, it was

RESOLVED, that the Chairman, or other proper officer, be and hereby is authorized to advise Standard Fruit Company that this Company agrees in principle to the rates for banana transportation stated in paragraph 3 of the draft letter dated June 20, 1957 and to the elimination of wharfage and switching charges, as provided in paragraph 3, if and when arrangements satisfactory to both parties can be made with labor for Standard Fruit to take over the operation of unloading bananas from cars to steamer on the pier at Puerto Barrios (subject, of course, to consideration of the Referee's decision in the Ripley Case, a copy of which decision would be sent to Standard Fruit Company), and further

RESOLVED, that the proper officers of this Corporation be and hereby are requested to continue their study, with advice of counsel, of the other provisions of the June 20, 1957 draft letter and to present their recommendations before the execution of a written contract is authorized between this Company and Standard Fruit Company.

Mr. McGovern took no part in the discussion of this matter and he did not vote with respect to the above resolutions.

Retype of DX 552 (p. 13)

RESOLVED, that the Board hereby approves the Management's action of authorizing the offer of $250,000 per annum for increased wages and other benefits in case of absolute necessity in an endeavor to reach an agreement with the SAMF in the current negotiations for a collective pact of working conditions, and further

RESOLVED, that contingent upon the arrival at an agreement whereby the Company can separate from its service certain of the personnel not necessary for operations, the Management be and hereby is authorized to spend approximately $500,000 for the severance pay required by law on the basis of procedure outlined in memo submitted to each member of the Board at the meeting.

Mr. Beal then stated that the Management proposed to send to the President of Guatemala a radiogram in the form submitted to the meeting. There was a full discussion of this message including that part which indicated a willingness to consider favorably a sale of the Guatemala properties of the Company to the Guatemala Government. During the discussion it appeared to be the consensus that operations of a public utility character in Guatemala (such as those of this Company) were constantly the target of nationalistic attacks, that losses of the character experienced this year in Guatemala could not properly be borne much longer from resources outside Guatemala, and that the possibility of a sale to Guatemala should be explored in the interest of the stockholders of this Company and to protect their investment, now so much in jeopardy.

After this discussion and upon motion duly made, seconded and unanimously adopted, it was

RESOLVED, that the Board approves the sending to the President of Guatemala, a radiogram in the form and content submitted to this meeting.

Thomas Bradshaw, President - Resignation

Mr. Beal informed the Board that Mr. Thomas Bradshaw, President of the Company, for reasons of health, intended to resign from the Company's employment during the Spring of 1959, at a date to be determined later.

Upon motion duly made, it was voted to adjourn.

A true record.

Attest:

[signed: Frank I. Tennyson]

Secretary

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

January 26, 1959, New York, N.Y.

A special meeting of the Board of Directors of International Railways of Central America was held on Monday, January 26, 1959, at 11:00 A.M., at No. 57 Broadway, New York, N.Y., pursuant to call of the Chairman, due notice of which was sent to all of the Directors.

The following Directors, constituting a quorum of the Board, were present:

Messrs. Gerald F. Beal, Chairman,
W. Palmer Dixon,
James McGovern,
Hugh R. Partridge,
Harold A. Sutphen,
Frank I. Tennyson and
Herman E. Willer.

Messrs. Inzer B. Wyatt and W. C. Pierce of Sullivan & Cromwell, counsel for the Company, were present by invitation.

The meeting was called to order by the Chairman. The Secretary kept a record of the minutes. The minutes of the meeting held on January 8, 1959 were read and approved.

Guatemalan Labor

Mr. Beal referred to the strike instituted in Guatemala by the SAMF (Railwaymen's Union) on January 17, 1959, the resultant appointment of Colonel Herculano Hernandez, as interventor, and the militarization of the Company's property in Guatemala by edict of President Ydigoras of Guatemala. Mr. Beal stated that Mr. Sutphen, accompanied by Mr. Vincent Rodriguez of counsel, had visited Guatemala and requested Mr. Sutphen to give a summary of his visit. In his report, Mr. Sutphen pointed out that the Board should decide what policy should be pursued in regard to compulsory arbitration to which the Company may be subjected at any time.

Mr. Sutphen referred to the fact that the Company's Diesel electric road locomotives had been transferred to operations in El Salvador and suggested that they be kept in that service during the present emergency. He also suggested that, for the present, no funds be sent from El Salvador to finance operations in Guatemala.

After a discussion and, upon motion duly made, seconded and unanimously adopted, it was:

RESOLVED that the Company's Diesel electric road locomotives should be employed, until further action by the Board, for El Salvador traffic and should not be removed from El Salvador without the prior consent of the Chairman of the Board or any two of the Directors; and further

RESOLVED that no funds of the Company shall be transferred from El Salvador without similar authorization by either the Chairman of the Board or any two of the Directors.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

January 6, 1961, Jersey City, N. J.

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Friday, January 6, 1961, at 11:00 A. M., at No. 1 Exchange Place, Jersey City, N. J., pursuant to due notice sent to all of the Directors.

The following Directors, constituting a quorum of the Board, were present:

Messrs. James McGovern, Chairman,
James B. Cunningham,
Walter B. McGregor,
Hugh R. Partridge,
George A. Ruckle,
Frank I. Tennyson,
Herman E. Willer, and
Louis Yaeger

The meeting was called to order by the Chairman. The Secretary kept a record of the minutes. The minutes of the meeting held on December 8, 1960 were read and approved.

Income Statement, November, 1960 and Financial Position

Statements of operating results for November, 1960 and of current financial position were submitted.

Ripley Case

Mr. McGovern reported that counsel for the plaintiffs' in the Ripley Case had requested the Supreme Court to issue an order requiring the Company to keep any amounts collected under the judgment or investments in high grade securities made therefrom in a special escrow account pending the fixing of counsel fees and expenses and that Mr. Inzer Wyatt of Sullivan & Cromwell h consented to granting the motion of plaintiffs' counsel because it seemed to Mr. Wyatt that the suggestion was in the interest of the Company.

Members of the Board expressed disapproval of the action of Mr. Wyatt and after further consideration and upon motion duly made and seconded, it was

> RESOLVED, that the services of Sullivan & Cromwell in the Ripley Case be terminated and in their stead Mr. Abraham Weber, 70 Pine Street, New York, N. Y., be engaged as counsel for this litigation and in particular, to oppose the motion of plaintiffs' counsel and any order based thereon to hold the amounts collected in the Ripley Case in escrow.

Mr. Tennyson read a copy of a letter which he had received from Sullivan & Cromwell advising that the United Fruit Company was planning to file with the Court of Appeals a motion for reargument of the Ripley Case sometime during the week of January 3rd with the return day

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13048

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

February 3, 1961, New York, N.Y.

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Friday, February 3, 1961, at 11:00 A.M., at No. 70 Broadway, New York, N.Y., pursuant to due notice sent to all of the Directors.

The following Directors, constituting a quorum of the Board, were present:

Messrs. James McGovern, Chairman,
James B. Cunningham,
Walter B. McGregor,
Hugh R. Partridge,
George A. Ruckle,
Frank I. Tennyson,
Herman E. Willer, and
Louis Yaeger

The meeting was called to order by the Chairman. The Secretary kept a record of the minutes. The minutes of the meeting held on January 6, 1961 were read and approved.

* * *

Mr. McGovern reported on the following matters:

Guatemala:

a - Labor
b - Export-Import Bank Loan to Government of $12,000,000 for Highways from Rio Hondo to Ocotepeque and from El Molino to the Frontier of El Salvador
c - Mayan Line

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

1305A March 3, 1961, New York, N.Y.

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Friday, March 3, 1961, at 11:00 A.M., at No. 70 Broadway, New York, N.Y., pursuant to due notice sent to all of the directors.

The following directors, constituting a quorum of the Board, were present:

Messrs. James B. Cunningham,
Harold W. Haase,
Walter B. McGregor,
Hugh R. Partridge,
George A. Ruckle,
Frank I. Tennyson,
Herman E. Willer, and
Louis Yaeger

Mr. Abraham K. Weber, Counsel for the Company, was present by invitation.

Mr. Haase presided and called the meeting to order. The Secretary kept a record of the minutes. The minutes of the meeting held on February 3, 1961 were read and approved.

Death - Mr. James McGovern
Chairman of the Board

Mr. Haase reported the sudden death of Mr. James McGovern, Chairman of the Board, near New Orleans, La., on February 16, 1961.

Upon motion duly made, seconded and unanimously adopted, it was

RESOLVED that the directors of International Railways of Central America record with deep regret the sudden death on February 16, 1961 of James McGovern, Chairman and wish to express their deep appreciation of his exceptional services on behalf of the Company, his loyalty, his keen interest in the Company's affairs and high sense of duty and fairness and be it further

RESOLVED that a copy of this resolution be tendered to his bereaved family

Acting Chairman - Mr. H. W. Haase

Mr. Haase stated that it was in order to elect a Chairman of the Board. A discussion was had and upon motion duly made and seconded, Mr. Harold W. Haase was elected Acting Chairman of the Board. Mr. Ruckle not voting.

Director - Mr. Oliver R. Grace

Mr. Haase called attention to the fact that due to Mr. McGovern's death, there was a vacancy in the Board. Mr. Yaeger proposed the name of Mr. Oliver R. Grace and Mr. Grace was elected a director.

At the invitation of the Board by telephone, Mr. Grace joined the meeting shortly thereafter.

* * *

General Conditions - Guatemala and El Salvador

Mr. Haase reported on the following matters, among others:

Guatemala:

a - Breaux Bridge Refinery
b - Retalhuleu Refinery
c - Standard Fruit Rates

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

March 17, 1961, New York, N.Y.

The regular meeting of the Board of Directors which was recessed on March 3, 1961 was reconvened on Friday, March 17, 1961, at 11:00 A.M., at No. 70 Broadway, New York, N.Y., pursuant to the resolution of the Board adopted at the meeting held on March 3, 1961.

The following directors constituting a quorum of the Board, were present:

Messrs. Harold W. Haase, Acting Chairman,
James B. Cunningham,
Oliver R. Grace,
Hugh R. Partridge,
George A. Ruckle,
Frank I. Tennyson,
Herman E. Willer, and
Louis Yaeger

Mr. Abraham K. Weber, Counsel for the Company, was present by invitation.

The meeting was called to order by the Acting Chairman. The Secretary kept a record of the minutes. The minutes of the recessed meeting held on March 3, 1961, were read and approve

I. R. C. A. Common Stock - Held by United Fruit Company

* * *

Mr. Yaeger informed the Board that he had made a proposal to the United Fruit Company to purchase the entire amount (approximately 233,700) shares of I. R. C. A. common stock held by United Fruit Company.

Mr. Ruckle raised the question whether the Company might buy the United Fruit holdings. Mr. Yaeger stated that he would abide with the pleasure of the Board and withdraw his bid if the Board decides at that meeting that the Company should submit a proposal to buy the stock held by United Fruit. Mr. Yaeger then left the meeting.

The question whether the Company should bid for the stock held by United Fruit was then discussed. With the exception of Mr. Ruckle, none of the Directors was interested in favoring any such suggestion, for the reason, among others, that the dividend arrears on the Preferred Stock were so substantial. Mr. Weber left the meeting.

Standard Fruit & Steamship Co. Wharfage and Rate Reduction

* * *

Mr. Haase advised the Board that the Standard Fruit and Steamship Co. had applied for a reduction of the freight rate or cancellation of the wharfage charge on their export banana traffi and it was most difficult considering all circumstances to make such reduction although further consideration is being given to the matter.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

April 7, 1961, New York, N.Y.

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Friday, April 7, 1961, at 11:00 A.M., at No. 70 Broadway, New York, N.Y., pursuant to due notice sent to all of the directors.

The following directors, constituting the entire Board, were present:

Messrs. Harold W. Haase, Acting Chairman,
James B. Cunningham,
Oliver R. Grace,
Walter B. McGregor,
Hugh R. Partridge,
George A. Ruckle,
Frank I. Tennyson,
Herman E. Willer, and
Louis Yaeger

Mr. Abraham K. Weber, Counsel for the Company, was present by invitation.

Mr. Haase presided and called the meeting to order. The Secretary kept a record of the minutes. The minutes of the meeting held on March 17, 1961 were read and approved.

Income Statement, February, 1961 and Financial Position

Statements of operating results for February, 1961 and of current financial position were submitted.

Form of Minutes

Upon motion duly made, seconded and unanimously adopted, it was

RESOLVED that minutes should include only those matters in connection with which the Board takes action either to approve or disapprove or matters considered to be of special importance.

Matters of miscellaneous information or discussions are not to be included unless one or more members signify to the contrary.

* * *

April 7, 1961, New York, N.Y.

Annual Meeting, May 31, 1961
Proxy Soliciting Material

Upon motion duly made, seconded and unanimously adopted, it was

RESOLVED, that the persons whose names are listed below shall comprise the slate of nominees for directors selected by the Board for election at the Annual Meeting to be held on May 31, 1961:

James B. Cunningham
Oliver R. Grace
Harold W. Haase
Walter B. McGregor
Edwin C. Price
William Rosenblatt
George A. Ruckle
G. Butler Sherwell
Charles L. Stillman
Frank I. Tennyson
Louis Yaeger

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
ANNUAL MEETING OF STOCKHOLDERS FOR 1961

The Annual Meeting of Stockholders of International Railways of Central America was held at 15 Exchange Place, Jersey City, N. J., on Wednesday, May 31, 1961, at 11:00 o'clock A. M., pursuant to written notice of the time, place and purposes of the meeting sent to each of the Stockholders of the Company according to law and the By-Laws of the Company.

The meeting was called to order by the Acting Chairman and President, Mr. Harold W. Haase, who thereafter presided. Mr. Frank I. Tennyson, Vice President, Secretary and Treasurer of the Company kept the minutes of the proceedings.

The President introduced to the meeting, in addition to Mr. Tennyson, Messrs. Cunningham, Gra McGregor, Ruckle, Yaeger, Directors, Mr. Kenneth Hoffman of Peat, Marwick, Mitchell & Co., auditor and accountants for the Company and Mr. Abraham K. Weber, counsel for the Company.

The Secretary presented to the meeting copies of the notice of the meeting, form of proxy, prox statement, annual report for the year ended December 31, 1960, and the affidavit of the mailing thereof to the Stockholders. The Secretary read the notice of the meeting and the foregoing documents were ordered filed with the minutes of the meeting.

The Secretary presented a certified list, in alphabetical order, of the names and addresses of t holders of the preferred and common stock of the Company and the number of shares held by each as o May 10, 1961, the date fixed by the Board of Directors for the determination of the Stockholders entitl to vote at the Annual Meeting and stated that such list had been open for the examination by any stockh at the place of the meeting for at least ten days prior to the day of the meeting and would continue open such examination during the meeting. He further stated that such list was a record of the stock standi registered in the name of each stockholder on the record date and comprised the names of all stockho entitled to vote at the meeting. The transfer books and the stock books of the corporation were produced by the Secretary and remained present during the meeting.

The Secretary announced that a quorum was present.

The Secretary presented the minutes of the last annual meeting of Stockholders, held on May 1960, and upon motion duly made and seconded, it was resolved to dispense with the reading of said

Discussions of various matters took place throughout the meeting; numerous questions from t floor were answered by the Chairman.

The Chairman appointed Mr. Joseph Adler and Mr. William R. Barger as Inspectors of Electi They thereupon took the oath of office which was ordered filed with the minutes of the meeting.

The Chairman called for nominations for eleven Directors. The following, constituting the Management slate, were duly nominated as directors:

James B. Cunningham	Edwin C. Price	Frank I. Tennyson
Oliver R. Grace	William Rosenblatt	Herman E. Willer
Harold W. Haase	George A. Ruckle	Louis Yaeger
Walter B. McGregor	Charles L. Stillman	

A nomination and a second was also made for Herbert D. Wilensky.

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...ing no fur... upon motion moved and seconded, the nomination...

...ed. The Chai... for ...the election of Directors. Ballots were

...ed, signed, and delivered to the ...pectors of Election.

Mr. John Campb... Henry moved the following resolution, which was seconded:

RES...LVED that the Stockholders of International Railways of Cen...al America, assembled in annual meeting in person and by p...xy hereby requ...st that the Board of Directors take the steps n...essary to provide for the election of directors by cumulative v...ing, which means each stockholder shall be entitled to as m...y votes as shall equal the number of shares he owns multiplied by the numbe... of directors to be elected, and he may cast all of such votes for a single candidate or any two or more of them as he may see fit.

The Chairman called for a vote on the proposal. Ballots were distributed, signed ...ered to the Inspectors of Election.

The Chairman then reported on matters of current interest, including current earnings, ...ds and earnings prospects.

The Chairman also replied to further questions from the floor respecting the ...ny operations and financial position.

The Chairman directed Mr. Weber, counsel for the Company, to report on the matter of ...ees and expenses in the Ripley action. Mr. Weber addressed the stockholders, ...them of the applications, the status of the proceedings, and matters related thereto. ...questions from the floor on the subject were put to and answered by Mr. Weber.

The meeting was adjourned at 1:30 P.M. to 2:30 P.M.

The meeting reconvened at 2:30 P.M.

The report of the Inspectors of Election on the vote for directors was presented and ...filed with the minutes of the meeting. Said report stated that the following persons ...ived the number of votes set opposite their respective names in the voting for directors:

Nominee	Votes	Nominee	Votes
...Cunningham	234,700	George A. Ruckle	234,700
...Grace	234,700	Charles L. Stillman	234,530
...W. Haase	234,700	Frank I. Tennyson	234,700
...B. McGregor	227,700	Herman E. Willer	221,320
...C. Price	238,490	Louis Yaeger	238,440
...Rosenblatt	238,440	Herbert B. Wilensky	53,220

The Chairman thereupon declared that the eleven candidates who received the largest vote, ...Cunningham, Oliver R. Grace, Harold W. Haase, Walter B. McGregor, Edwin C. ...William Rosenblatt, George A. Ruckle, Charles L. Stillman, Frank I. Tennyson, Herman ...Willer and Louis Yaeger, had been elected Directors to serve for one year and until their ...successors are elected or chosen and qualify.

The Inspectors of Election also presented a report of the balloting on the proposal for cumulative voting. Such report showed the following results:

For the Proposal - 155,822 shares. Against the Proposal - 15,423 shares.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

August 4, 1961

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Friday, August 4, 1961, at 11:00 A. M., at No. 70 Broadway, New York, N. Y., pursuant to due notice sent to all of the Directors.

The following Directors, constituting a quorum of the Board, were present:

Messrs. Louis Yaeger, Chairman,
James B. Cunningham,
Harold W. Haase,
Walter B. McGregor,
Edwin C. Price,
George A. Ruckle,
Charles L. Stillman,
Frank I. Tennyson, and
Herman E. Willer

Mr. Abraham K. Weber, Counsel for the Company, was present by invitation.

Mr. Yaeger telephoned that he would be late, and pending his arrival requested Mr. Haase to preside. Mr. Haase called the meeting to order. The Secretary kept a record of the minutes. The minutes of the meeting held on July 7, 1961 were read and approved.

* * *

Executive Committee

Upon motion duly made, seconded and unanimously adopted, an Executive Committee was elected consisting of the following members:

Louis Yaeger, Chairman,
Oliver R. Grace,
Harold W. Haase,
Edwin C. Price,
Charles L. Stillman

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

April 6, 1962

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Friday, April 6, 1962, at 11:00 A. M., at One Exchange Place, Jersey City, N. J., pursuant to due notice sent to all of the Directors.

The following Directors, constituting the entire Board, were present:

Messrs. Louis Yaeger, Chairman,
Arthur Brown,
James B. Cunningham,
Maurice Goodman,
Oliver R. Grace,
Harold W. Haase,
P. Blair Lee,
Walter B. McGregor,
Edwin C. Price,
William Rosenblatt,
George A. Ruckle,
Charles L. Stillman,
Frank I. Tennyson, and
Herman E. Willer

Mr. Abraham K. Weber, Counsel for the Company, was present by invitation.

Mr. Yaeger presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with the reading of the minutes of the meeting held on March 2, 1962.

* * *

Annual Meeting, May 31, 1962,
Slate of Directors

Upon motion duly made, seconded and unanimously adopted, it was

RESOLVED, that the persons whose names are listed below shall comprise the slate of nominees for directors selected by the Board for election at the Annual Meeting of Stockholders to be held on May 31, 1962:

Arthur Brown	Edwin C. Price
James B. Cunningham	William Rosenblatt
Maurice Goodman	George A. Ruckle
Oliver R. Grace	Charles L. Stillman
Harold W. Haase	Frank I. Tennyson
P. Blair Lee	Louis Yaeger

Operating Budget, 1962

An operating budget for the year ending December 31, 1962, showing an estimated loss of $503,460, was submitted.

* * *

General Conditions

Mr. Haase reported to the Board with respect to matters, as follows:

Guatemala:

a - Banana Shipments via Truck - United Fruit Co. & Cia Agricola
b - Political Disturbances
c - State of Siege and Sabotage

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

May 7, 1962

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Monday, May 7, 1962, at 3:00 P.M., at No. One Exchange Place, Jersey City, N.J., pursuant to due notice sent to all of the Directors.

The following Directors, constituting a quorum of the Board, were present:

Messrs. Louis Yaeger, Chairman,
Arthur Brown,
James B. Cunningham,
Maurice Goodman,
Oliver R. Grace,
Harold W. Haase,
P. Blair Lee,
Walter B. McGregor,
William Rosenblatt,
George A. Ruckle,
Charles L. Stillman, and
Frank I. Tennyson

Mr. Abraham K. Weber, Counsel for the Company, was present by invitation.

Mr. Yaeger presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with the reading of the minutes of the meeting held on April 6, 1962.

* * *

General Conditions

Mr. Haase reported on matters, as follows:

Guatemala:

a - Cabinet Changes
b - Political Situation - Labor - Sabotage

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
ANNUAL MEETING OF STOCKHOLDERS FOR 1962

May 31, 1962

The Annual Meeting of Stockholders of International Railways of Central America was held at 15 Exchange Place, Jersey City, N.J., on Thursday, May 31, 1962, at 11:00 A.M., pursuant to written notice of the time, place and purposes of the meeting sent to each of the Stockholders of the Company according to law and the By-Laws of the Company.

The meeting was called to order by the President, Mr. Harold W. Haase, who thereafter presided. Mr. Frank I. Tennyson, Vice President, Secretary and Treasurer of the Company kept the minutes of the proceedings. The Chairman reported that a quorum of stockholders was present.

The Secretary presented to the meeting copies of the notice of the meeting, form of proxy, proxy statement, annual report for the year ended December 31, 1961, and the affidavit of the mailing thereof to the Stockholders. The Secretary read the notice of the meeting and the foregoing documents were ordered filed with the minutes of the meeting.

The Secretary presented a certified list, in alphabetical order, of the names and addresses of the holders of the preferred and common stock of the Company and the number of shares held by each as of May 10, 1962, the date fixed by the Board of Directors for the determination of the Stockholders entitled to vote at the Annual Meeting and stated that such list had been open for the examination of any stockholder at the place of the meeting for at least ten days prior to the day of the meeting and would continue open to such examination during the meeting. He further stated that such list was a record of the stock standing registered in the name of each stockholder on the record date and comprised the names of all stockholders entitled to vote at the meeting. The Transfer books of the Stock books of the corporation were produced by the Secretary and remained present during the meeting.

The Secretary presented the minutes of the last Annual Meeting of Stockholders held on May 31, 1961. Upon motion duly made and seconded, it was resolved to dispense with the reading of said minutes.

The Chairman appointed Mr. Joseph Adler and Mr. Samuel H. Zabell as Inspectors of Election. The Secretary presented the oath of office signed by said Inspectors of Election which was ordered filed with the minutes of the meeting.

The Chairman directed the holding of an election of a Board of Directors consisting of twelve members to serve for a period of one year and until their successors are elected and qualify. The following, constituting the Management slate, were duly nominated as candidates for directors, which was seconded

Arthur Brown	Harold W. Haase	George A. Ruckle
James B. Cunningham	P. Blair Lee	Charles L. Stillman
Maurice Goodman	Edwin C. Price	Frank I. Tennyson
Oliver R. Grace	William Rosenblatt	Louis Yaeger

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There being no further nominations, upon motion made and seconded, nominations were closed. The Chairman called for a vote on the election of Directors. Ballots were distributed, signed, and delivered to the Inspectors of Election.

The report of the Inspectors of Election on the vote for directors was presented and ordered filed with the minutes of the meeting. Said report stated that the following persons had received the number of votes set opposite their respective names in the voting for directors:

Nominee	Votes	Nominee	Votes
Arthur Brown	446,832	Edwin C. Price	446,832
James B. Cunningham	446,832	William Rosenblatt	446,832
Maurice Goodman	446,832	George A. Ruckle	446,832
Oliver R. Grace	446,832	Charles L. Stillman	446,832
Harold W. Haase	446,832	Frank I. Tennyson	446,832
P. Blair Lee	446,832	Louis Yaeger	446,832

The Chairman thereupon declared that said: Arthur Brown, James B. Cunningham, Maurice Goodman, Oliver R. Grace, Harold W. Haase, P. Blair Lee, Edwin C. Price, William Rosenblatt, George A. Ruckle, Charles L. Stillman, Frank I. Tennyson and Louis Yaeger, had been elected Directors to serve for one year and until their successors are elected and qualify.

Mr. Lewis D. Gilbert moved the following resolution, which was seconded:

> RESOLVED that the Stockholders of International Railways of Central America, assembled in annual meeting in person and by proxy hereby request that the Board of Directors take the steps necessary to provide for the election of directors by cumulative voting, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he owns multiplied by the number of directors to be elected, and he may cast all of such votes for a single candidate or any two or more of them as he may see fit.

The Chairman called for a vote on the proposal. Ballots were distributed, signed and delivered to the Inspectors of Election.

The Inspectors of Election also presented a report of the balloting on the proposal for cumulative voting. Such report showed the following results:

For the Proposal - 34,377 Against the Proposal - 254,683

Mr. Haase stated that the resolution to recommend cumulative voting had not been carried.

During and after the balloting on the election of directors and the proposal for cumulative voting, the Chairman reported on current earnings and matters of interest, and replied to questions from the floor. At the direction of the Chairman, Abraham K. Weber, Counsel for the Company, commented briefly on the matter of awards in the Ripley action.

Upon motion duly made, seconded and unanimously adopted, it was

> RESOLVED that the meeting of the newly elected Board for the purpose of organization and otherwise be and hereby is fixed for May 31, 1962, at No. 1 Exchange Place, Jersey City, N. J., immediately following the adjournment of this annual meeting of stockholders.

There being no further business, upon motion duly adopted, the meeting was adjourned.

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

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November 2, 1962

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Friday, November 2, 1962, at 11:00 A. M., at No. One Exchange Place, Jersey City, N. J., pursuant to a resolution adopted by the Board at its meeting held on October 5, 1962.

The following Directors, constituting the entire Board, were present:

Messrs. Louis Yaeger, Chairman,
James B. Cunningham,
Oliver R. Grace,
Harold W. Haase,
Edwin C. Price,
William Rosenblatt,
George A. Ruckle,
Charles L. Stillman, and
Frank I. Tennyson.

Mr. Abraham K. Weber, Counsel for the Company, was present by invitation.

Mr. Yaeger presided and Mr. Tennyson kept a record of the minutes. The minutes of the meeting held on October 5, 1962, were read and approved.

Election - Directors, Mr. O. Roy Chalk, General Donald S. Dawson and Mr. Emil Rogers

Upon motion duly made, seconded and by a unanimous vote, the gentlemen whose names are listed below, were elected Directors of the Company to fill the three vacancies on the Board:

Mr. O. Roy Chalk,
General Donald S. Dawson,
Mr. Emil Rogers.

The foregoing election of Mr. Chalk, General Dawson and Mr. Rogers, as directors, shall not become effective, however, unless and until approved by the Civil Aeronautics Board.

The above-named gentlemen then joined the meeting.

Income Statement, September, 1962 and Financial Position

Statements of operating results and of current financial position were submitted and Mr. Haase commented in connection therewith.

Diesel Motive Power

Mr. Haase reported that officials of the Agency for International Development were delaying action with respect to the Company's application for a loan to install Diesel motive power, pending a talk with Mr. Chalk.

Mr. Chalk informed the Board that he and General Dawson would soon be in contact with the Agency for International Development in this matter.

* * *

General Conditions

Mr. Haase reported on the following matters:

Guatemala:

Charity Tax and Absentee Tax Claim
Foreign Exchange and Agrarian Laws

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

December 3, 1962

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Monday, December 3, 1962, at 11:00 A.M., at No. One Exchange Place, Jersey City, N.J., pursuant to a resolution adopted by the Board at its meeting held on November 2, 1962.

The following Directors, constituting a quorum of the Board, were present:

Messrs. Louis Yaeger, Chairman,
O. Roy Chalk,
James B. Cunningham,
Oliver R. Grace,
Harold W. Haase,
Emil Rogers,
William Rosenblatt,
George A. Ruckle,
Charles L. Stillman, and
Frank I. Tennyson.

Messrs. Abraham K. Weber and Adolph B. Lewson were present by invitation.

Mr. Yaeger presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with the reading of the minutes of the meeting held on November 2, 1962.

* * *

General Conditions

Mr. Haase reported on the following matters:

Guatemala:

Abortive Revolt, November 25, 1962
Foreign Exchange
Guatemala City Station - Removal
Political Situation
Income Tax Law

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

May 3, 1963

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Friday, May 3, 1963, at 10:30 A.M., at No. 375 Park Avenue, New York, N.Y.

The following Directors, constituting the entire Board, were present:

Messrs. Louis Yaeger, Chairman,
O. Roy Chalk,
James B. Cunningham,
Donald S. Dawson,
Oliver R. Grace,
Harold W. Haase,
Henry M. Hubshman, Jr.,
Edwin C. Price,
Emil Rogers,
William Rosenblatt,
George A. Ruckle, and
Frank I. Tennyson.

Messrs. Irving M. Buckley and Abraham K. Weber, Counsel for the Company, were present by invitation.

Mr. Yaeger presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with the reading of the minutes of the meeting held on April 19, 1963.

* * *

General Conditions

Mr. Haase reported on matters, as follows:

Guatemala:

a - Political Situation
b - Sabotage - April 30, 1963

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

July 23, 1963

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Tuesday, July 23, 1963 at 10:30 A. M., at No. 375 Park Avenue, New York, N.Y., pursuant to a resolution adopted by the Board at its meeting held on June 24, 1963.

The following Directors, constituting a quorum of the Board were present:

Messrs. O. Roy Chalk, Chairman
Irving M. Buckley
Donald S. Dawson
Oliver R. Grace
Harold W. Haase
* Henry M. Hubshman, Jr.
Francis S. Levien
Edwin C. Price
Emil Rogers
Frank I. Tennyson, and
Louis Yaeger

Mr. Bernard M. Krakower was present by invitation.

Mr. Chalk presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with the reading of the minutes of the meeting held on June 24, 1963.

* * *

Diesel Motive Power

Mr. Chalk reported that a condition precedent to the signing of contracts with General Motors Overseas Corporation, for the acquisition of diesel locomotives, required the issuance of insurance against certain investment risks by the Agency for International Development and that the issuance of such insurance was being delayed pending receipt, through formal channels, from the Governments of Guatemala and El Salvador of the required assurances relative to the investment risks. Mr. Haase informed the Board that said assurances were expected in the near future.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

August 29, 1963

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Thursday, August 29, 1963, at 3 P.M. at No. 375 Park Avenue, New York, N.Y. pursuant to a resolution adopted by the Board at its meeting held on June 24, 1963.

The following Directors, constituting a quorum of the Board were present:

Messrs. O. Roy Chalk, Chairman
Irving M. Buckley
Oliver R. Grace
Harold W. Haase
Henry M. Hubshman, Jr.
Francis S. Levien
Edwin C. Price
Emil Rogers
Frank I. Tennyson, and
Louis Yaeger

Mr. Bernard M. Krakower was present by invitation.

Mr. Chalk presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with the reading of the minutes of the meeting held on July 23, 1963.

* * *

Mr. Chalk's Visit to Guatemala
Diesel Motive Power

Mr. Chalk informed the Board that when in Guatemala, he had meetings with the Chief of Government on August 25, 1963 and with the Chief of Government and his Cabinet on August 26, 1963. The Chairman stated that the necessary assurances with respect to the diesel locomotives had been received from the Government of El Salvador but like assurances had not yet been received from the Government of Guatemala.

After a discussion, Mr. Rogers as counsel was authorized to effect a contract with General Motors Corporation covering the sixteen diesel locomotives to be assigned to the El Salvador Division.

* * *

General Conditions

Mr. Haase reported on conditions in Guatemala and El Salvador in general and with particular reference to the extension for an indefinite period for the State of Siege in Guatemala and to the severance by that country of its diplomatic relations with Great Britain.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

1320A September 30, 1963

The regular monthly meeting of the Board of Directors of International Railways of Central [illegible] was held on Monday, September 30, 1963, at 3 P.M. at No. 375 Park Avenue, New York, N.Y. pursuant to a resolution adopted by the Board at its meeting held on August 29, 1963.

The following Directors, constituting a quorum of the Board, were present:

Messrs. O. Roy Chalk, Chairman
Irving M. Buckley
Harold W. Haase
Henry M. Hubshman, Jr.
Francis S. Levien
Edwin C. Price
Emil Rogers
William Rosenblatt
Frank I. Tennyson, and
Louis Yaeger

Mr. Bernard M. Krakower was present by invitation.

Mr. Chalk presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense [illegible] reading of the minutes of the meeting held on August 29, 1963.

* * *

Diesel Motive Power

Mr. Chalk reported that documentation and other requirements in connection with the purchase [illegible]teen (16) new diesel locomotives to be assigned to the Salvador Division were progressing satis[illegible]ily but with respect to those locomotives to be assigned to the Guatemala Division, the Company [illegible]xperiencing delays due to the failure of the Government of Guatemala to issue necessary assurances. It [illegible]ped that more favorable news will be given at the meeting of the Board to be held in November of [illegible] year.

* * *

Guatemala - Political Situation and Sabotage

Mr. Haase reported an uprising of minor importance against the defacto government in [illegible]temala City on September 6, 1963 and two acts of sabotage:

a. Santa [illegible]ria, M[illegible] 253, Pump House destroyed by fire.
b. Guachipilin, M[illegible] 256, derailment cattle train.

Guatemala - Mile 314
Derailment, $5,500

Mr. Haase reported a derailment at Mile 314, Guatemala on August 31, 1963 caused by [illegible]sage and resulting in damage (no personal injuries) amounting to approximately $5,500.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF BOARD OF DIRECTORS

December 20, 1963

A special meeting of the Board of Directors of International Railways of Central America was held on Friday, December 20, 1963 at 3:00 P.M., at No. 375 Park Avenue, New York, New York pursuant to call of the Chairman. Said meeting takes the place of the meeting scheduled for November 26, 1963, by resolution of the Board at its meeting held on November 1, 1963.

The following Directors, constituting a quorum of the Board, were present:

Messrs. O. Roy Chalk, Chairman
Irving M. Buckley
Donald S. Dawson
Harold W. Haase
Francis S. Levien
Edwin C. Price
Emil Rogers
William Rosenblatt
Frank I. Tennyson, and
Louis Yaeger

Messrs. Bernard M. Krakower and Adolph B. Lawson were present by invitation.

Mr. Chalk presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with the reading of the minutes of the meeting held on November 1, 1963.

* * *

General Conditions

Mr. Haase reported on matters as follows:

Guatemala
a - Labor - Threatened Strike
b - Improvements - Guatemala City - 18th Street, La Barranquilla Bridge, Underpass 24th Street
c - Acts of Sabotage

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF THE BOARD OF DIRECTORS
MAY 1, 1964

The regular monthly meeting of the Board of Directors of International Railways of Central America was held on Friday, May 1, 1964, at 11:00 A.M. at No. 375 Park Avenue, New York, N.Y. The date and time were changed from April 30, 1964, at 4:00 P.M. with the consent of the Board.

The following Directors constituting a quorum of the Board were present:

Messrs. O. Roy Chalk, Chairman
Oliver R. Grace
Harold W. Haase
Francis S. Levien
Edwin C. Price
Emil Rogers
William Rosenblatt, and
Frank I. Tennyson

Messrs. Adolph Lewson and Parker C. Peterman were present by invitation.

Mr. Chalk presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with the reading of the minutes of the meeting held on April 1, 1964.

* * *

Mr. Haase reported on the following items:

Election of Deputies, Guatemalan National Assembly called for May 24, 1964

Matias de Galvez - continued pressure to force all traffic via Matias de Galvez and for the nationalization of other ports in Guatemala.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF THE BOARD OF DIRECTORS
AUGUST 5, 1965

A meeting of the Board of Directors of International Railways of Central America was held on Thursday, August 5, 1965, at 4 P.M., at 714 Fifth Avenue, New York, New York having been postponed from July 29, 1965, as fixed by a resolution of the Board adopted at its meeting held on May 26, 1965.

The following named Directors, constituting a quorum of the Board, were present:

Messrs: O. Roy Chalk, Chairman
Irving M. Buckley
Donald S. Dawson
Morris Fox
Oliver R. Grace
Carlos Rafael Lopez
Edwin C. Price
Frank I. Tennyson
Louis Yaeger

Messers. James Brennan, Mortimer D. Cure, Samuel M. Goldstein, Bernard M. Drakower, and William Rogers were present by invitation.

Mr. Chalk presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with a reading of the minutes of the meetings held on May 26, 1965.

* * *

Diesel Motive Power - El Salvador

Mr. Chalk reported that documents had been signed by representatives of the Company and of the General Motors Corporation for the delivery of sixteen (16) Diesel electric locomotives to El Salvador in or about November 1965.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF THE BOARD OF DIRECTORS
OCTOBER 8, 1965

A meeting of the Board of Directors of International Railways of Central America was held on Friday, October 8, 1965, at 4 P.M, at 714 Fifth Avenue, New York, New York having been postponed from September 16, 1965, as fixed by a resolution of the Board adopted at its meeting held on August 5, 1965.

The following named Directors, constituting a quorum of the Board, were present:

Messrs: O. Roy Chalk, Chairman
Irving M. Buckley
Donald S. Dawson
Oliver S. Grace
Carlos Rafael Lopez
Edwin C. Price
Emil Rogers
William Rosenblatt
Frank I. Tennyson
Louis Yaeger

Messrs. James A. Brennan, Mortimer D. Cure, Samuel N. Goldstein, Bernard M. Krakower and Robert D. Winston were present by invitation.

Mr. Chalk presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with a reading of the minutes of the meeting held on August 5, 1965.

* * *

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Diesel Motor Power

Mr. Rogers reported that General Motors Corporation was making application to the Guatemalan government for its approval of investment guarantees to be issued by AID on diesels which would then be purchased by the Company from General Motors for use in Guatemala. Shipment of the diesel locomotives for use in El Salvador was expected to begin in October or November of 1965.

With respect to the diesel electric locomotives to be used in El Salvador, upon motion duly made, seconded and adopted, it was:

RESOLVED, That the Lease of Railroad Equipment (hereinafter referred to as the 'Contract') covering the lease and purchase of 16 diesel electric locomotives, General Motors 930/890 H.P. (nine hundred fifty eight hundred ninety) Model GA-8 (GA-eight) and of the additional characteristics and specifications contained in the annex of said contract, which was entered into in the City of New York, State of New York, United States of America, dated as of the 9th day of July, 1965, between General Motors Corporation, as Lessor, and International Railways of Central America, as Lessee, be and the same is hereby approved and the execution of such contract on behalf of this corporation by Samuel N. Goldstein, Treasurer, be and the same is hereby approved, ratified and confirmed;

and it was further

RESOLVED, That Samuel N. Goldstein, be and he is hereby authorized and directed in the name and on behalf of this corporation to deliver a special power to Mortimer D. Cure so that Mortimer D. Cure, together with a legal representative of General Motors Corporation may appear before a notary public of the Republic of El Salvador to request the protocolization of the aforementioned contract and to further empower Mortimer D. Cure in the name of this corporation to ratify said contract in all of its parts in order that it may acquire the category of a public instrument in the Republic of El Salvador.

counter designation by plaintiff

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF THE BOARD OF DIRECTORS
DECEMBER 6, 1965

A meeting of the Board of Directors of International Railways of Central America was held on Wednesday, December 8, 1965 at 4 P.M., at 714 Fifth Avenue, New York, N. Y. having been postponed from December 6, 1965, as fixed by a resolution of the Board adopted at its meeting held on November 8, 1965.

The following named Directors constituting a quorum of the Board, were present:

Messrs: C. Roy Chalk
Irving M. Buckley
Donald B. Dawson
Morris Fox
Oliver H. Grace
Carlos Rafael Lopez
Edwin C. Price
Emil Rogers
William Rosenblatt
Frank I. Tennyson
Louis Yeager

Messrs. James A. Brennan, Mortimer D. Cure, Samuel H. Goldstein, and Bernard M. Krakower were present by invitation.

Mr. Chalk presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with a reading of the minutes of the meeting held on November 8, 1965.

* * *

The Chairman reported the sixteen Diesel locomotives on order from General Motors Corporation were being delivered to El Salvador thereby releasing eight Diesel locomotives for use in Guatemala which would completely dieselize the Atlantic District.

He informed the Board that five additional Diesel locomotives were necessary to dieselize completely the Guatemala Division and he requested the authority to negotiate a contract with General Motors Corporation or other supplier to supply these five locomotives.

Following a discussion the Chairman was authorized to so negotiate for five additional diesel locomotives.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF MEETING OF THE BOARD OF DIRECTORS
JANUARY 27, 1966

A meeting of the Board of Directors of International Railways of Central America was held on Thursday, January 27, 1966, at 4 P.M., at 714 Fifth Avenue, New York, N. Y., pursuant to a resolution of the Board adopted at its meeting held on December 8, 1965.

The following named Directors, constituting a quorum of the Board, were present:

Messrs. O. Roy Chalk, Chairman
Irving M. Buckley
Morris Fox
Oliver R. Grace
Francis Levien
Carlos Rafael Lopez
Emil Rogers
William Rosenblatt
Frank I. Tennyson
Louis Yaeger

Messrs. Samuel N. Goldstein, Bernard H. Krakower, Robert Winston and William Rogers were present by invitation.

Mr. Chalk presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with a reading of the minutes of the meeting held on December 8, 1965.

* * *

Diesel Motive Power

Mr. Chalk also stated that eleven of the new Diesel electric locomotives had been received in El Salvador and it was expected that five more locomotives, being the entire order, would be received within the next week or ten days.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA
MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
DECEMBER 2, 1966

A regular and recessed meeting of the Board of Directors of International Railways of Central America was held on Friday, December 2, 1966, at 11 A.M., at No. One Exchange Place, Jersey City, New Jersey having been recessed from November 30, 1966, by order of the Chairman of the Board.

The following Directors, constituting the entire Board, were present:

Messrs. Louis Yaeger, Chairman
Oliver R. Grace
Carlos R. Lopez
Edwin C. Price
William Rosenblatt
Frank I. Tennyson
Abraham K. Weber

Mr. Mortimer D. Cure, Executive Vice President and General Manager, was present by invitation.

Mr. Yaeger presided and Mr. Tennyson kept a record of the minutes. It was voted to dispense with a reading of the minutes of the meeting held on November 4, 1966.

* * *

The deep concern of the Board over declines in revenues, attributable to Decrees 444 and 468, in Guatemala, as well as the corporation's inability to reduce expenses further because of restrictions on changing working conditions and eliminating unnecessary overtime, was directed to be recorded in the minutes.

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UNITED FRUIT COMPANY

United States

AVERAGE BANANA PRICES AND VOLUMES SOLD

	Stem Price (per cwt.)	No. of stems sold (in thousands)	Box Price (per box)	No. of Boxes sold (in thousands)	% Boxed
1959	$6.63	26,690	-	-	-
1960	5.26	28,750	$3.84	199	0.4
1961	5.40	23,668	3.36	4,902	12
1962	5.87	15,401	3.48	12,827	33
1963	5.81	8,556	3.32	21,491	61
1964*	6.56	1,026	3.	33,014	95
1965	-	-	3.07	41,003	100

Import data has been used for volume figures for this year due to unavailability of complete sales data.

DEFENDANT'S MAR 1 1 1974

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UNITED FRUIT COMPANY

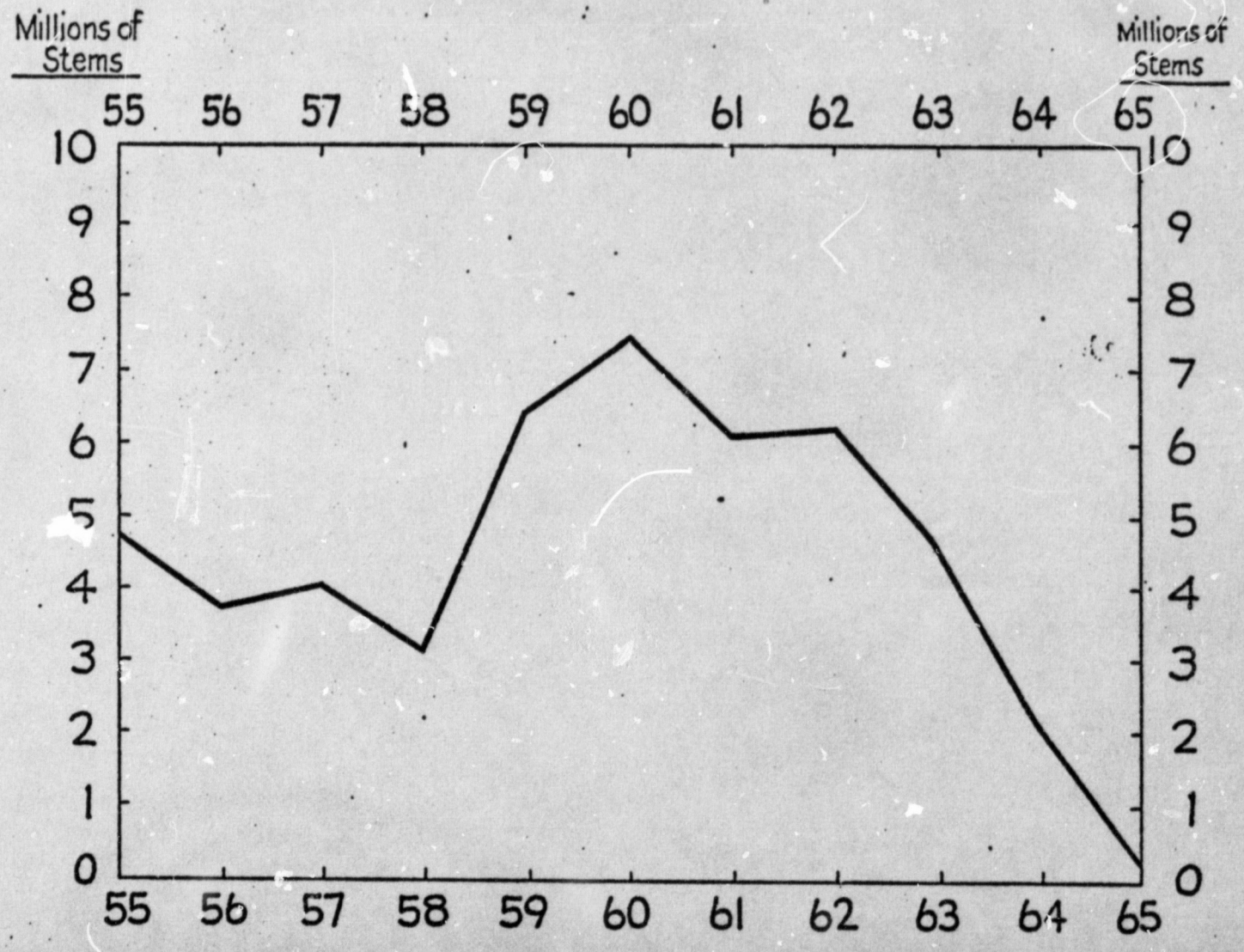
COMPANY IMPORTS - UNITED STATES
STEMS (INCLUDING STEM EQUIVALENT OF BOXED FRUIT)
YEARS 1955 - 1968

1955	25,872,449
1956	26,365,058
1957	24,904,253
1958	25,495,990
1959	26,972,321
1960	29,264,255
1961	27,478,724
1962	23,243,425
1963	21,984,869
1964	21,610,032
1965	23,863,179
1966	28,761,848
1967	29,187,923
1968	31,248,253

DEFENDANT'S
D. 555

ARRIVALS
UNITED FRUIT COMPANY FROM ECUADOR
TO UNITED STATES
1955-1965
(Millions of Stems)

	Millions of Stems
1955	4.8
1956	3.8
1957	4.0
1958	3.1
1959	6.5
1960	7.4
1961	6.1
1962	6.2
1963	4.7
1964	2.1
1965	.3



ECUADOR WORLDWIDE BANANA SHIPMENTS COMPARED WITH PRODUCTION 1955-1964

(Thousands of Metric Tons)

DEPARTMENT OF STATE
AUG 1 1974
D 558

THOUSANDS OF METRIC TONS

	Total Shipment	Total Production
1955	612.6	1273
1956	578.9	1428
1957	793.7	1897
1958	829.8	2024
1959	1051.7	2304
1960	1065.0	2224
1961	985.3	2204
1962	1100.0	2109
1963	1340.0	2098
1964	1382.7	3300

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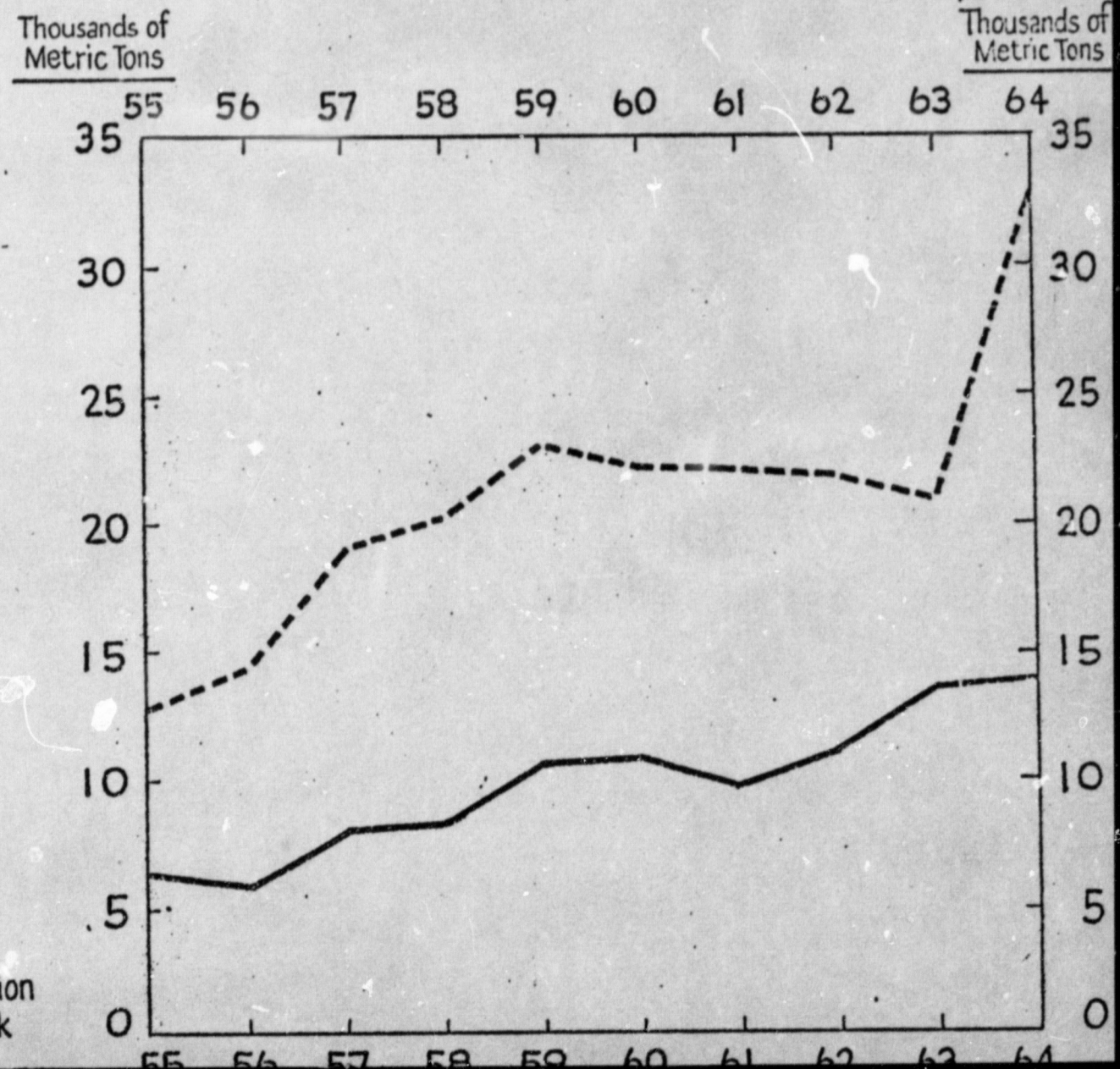

Source: Food and Agricultural Organization of the United Nations Trade Yearbook and World Crop Statistics

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1333A

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

18 Exchange Place

Jersey City 2, New Jersey

January 31, 1957

To the Stockholders:

We are able to report to you at this time that railway operating revenues for the year ended December 31, 1956 were approximately $17,304,000 which includes a credit of $522,000 for additional revenues received for amounts owed the Company by the Guatemalan Government; the net income after taxes and fixed charges was 1,650,000 During the year 1956, dividends totaling $6.25 per share were paid on the Company's Cumulative Preferred Stock and the Directors on January 24, 1957 declared a dividend of $1.25 per share on the preferred stock.

Since our last report to stockholders your Company has received delivery of seven new diesel electric yard locomotives and six new diesel electric road locomotives. The Guatemala Railwaymen's Union has threatened to prevent operation of the six road locomotives unless the Company makes important concessions. Negotiations with the Union for settlement of this dispute, and for a new general collective contract (which includes a demand for a 50% wage increase), are due to commence on February 1st.

It is hoped that substantial economies will be obtained by the new Diesel electric locomotives. At the same time, the stockholders are aware that the Middle East situation, centering about the Suez Canal closing, has resulted in substantial increases in the cost of fuel oil, of which your Company uses more than 700,000 barrels per annum.

The negotiations with the Guatemala Government for settlement of various pending matters, including the so-called Charity Tax claim, continued intermittently during the year but unfortunately no agreement has been reached. The Management again points out that, in the opinion of counsel, no legal liability exists for the tax mentioned.

Considerable progress has been made on the construction of the highway between Guatemala City and Santo Tomas and it is estimated that it will be finished by the end of this year or in the first half of 1958; the completion of this highway will create serious competition for the railroad from trucks and buses.

As you know from our previous reports, this Company's collateral note for $1,750,000 held by a subsidiary of United Fruit Company, matures on May 1 of this year. Discussions were initiated sometime ago by the management with United Fruit Company, looking toward an extension of this obligation, and, although no settlement has been made, we are hopeful that these discussions will lead to an arrangement satisfactory to this Company.

The Annual Meeting of Stockholders is expected to be held on Wednesday, May 15, 1957, and the Annual Report will be mailed during the month of April.

By Order of the Board of Directors,

GERALD F. BEAL,
Chairman.

MAR 11 1974
DEFENDANTS
DX 561

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PROXY STATEMENT

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

This statement is furnished in connection with the solicitation of proxies by the management of International Railways of Central America, to be voted at the annual meeting of the stockholders of the Company to be held at Room No. 803, No. 15 Exchange Place, Jersey City, N. J., on May 31, 1961, at 11 o'clock in the morning, for the purposes set forth in the accompanying notice of the meeting. The cost of this solicitation will be borne by the Company.

The Company has outstanding 100,000 shares of preferred stock and 500,000 shares of common stock. Holders of both classes of stock are entitled to vote at the meeting at the rate of one vote for each share held. Stockholders of record at the close of business May 10, 1961, are the stockholders entitled to vote at this meeting. If the accompanying form of proxy is executed and returned, it will be voted, but it may be revoked at any time in so far as it has not been exercised. Under New Jersey law, attendance at the Annual Meeting by a stockholder who has given a proxy will not revoke the proxy unless the stockholder so notifies the secretary of the Company in writing prior to the voting of the proxy.

1. ELECTION OF DIRECTORS

At the meeting eleven directors are to be elected to serve for a term of one year and until their successors are elected and qualify. It is the intention of the persons named in the accompanying form of proxy to vote such proxy for the election as directors of the hereinafter listed nominees. If, for any reason, any of said nominees shall become unavailable for election, the proxy will be voted for nominees selected by the management of the Company.

Name	*Principal Occupation*	*Director Since Year Set Forth Below*	*Securities of the Company Beneficially Owned Directly or Indirectly as of April 18, 1961*	
			Common Stock (Shares)	*Preferred Stock (Shares)*
James B. Cunningham..	President, James B. Cunningham Co. (Rubber Brokers), Boston, Mass.	1959	500	1,000
Oliver R. Grace.....	Partner, Sterling, Grace & Co. (Investment Advisers and Stock Brokers), New York, N. Y.	1958(a)	600(a)	300(a)
Harold W. Haase.....	Acting Chairman of the Board and President of the Company	1959	100	
Walter B. McGregor...	President, New Hampshire Finance Corporation, Manchester, N. H.	1958	900	100
Edwin C. Price.....	President, Price Y Cia. and Industrial Waxes, Inc. (General Exporters), Cincinnati, Ohio.		13,900(b)	70(b)
William Rosenblatt....	Personal Investments, New York, N. Y.		4,400(c)	940(c)
George A. Ruckle.....	Resident Manager, Spear, Leeds and Kellogg (Stock Brokers), Tenafly, N. J.	1959		1,300
Charles L. Stillman....	Director and Chairman, Finance Committee, Time Incorporated (Publishing), New York, N. Y.		100 (d)	
Frank I. Tennyson.....	Vice President, Secretary and Treasurer of the Company	1942	100	
Herman E. Willer.....	Honorary Chairman of the Board, White Laboratories, Inc. (Pharmaceutical Products), Kenilworth, N. J.	1926	1	
Louis Yaeger.....	Personal Investments, New York, N. Y.	1959	8,000	5,500

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(a) The principal occupation of Mr. Grace has been as indicated for the past 5 years. Mr. Grace served as a Director from June 4 to August 12, 1953, and was again elected a Director at the Board of Directors meeting held on March 3, 1961.

(b) Mr. Price has been President of Price Y Cia. and Industrial Waxes, Inc. for the past five years. Mr. Price is an officer of the companies listed below which owned beneficially, on April 18, 1961, shares of stock of the Company as follows:

	Common	*Preferred*
Price y Cia., Inc.	6,200	360
Industrial Waxes, Inc.	100	770
Lacto Productos de Mexico, S.A.	3,900	

Mrs. Lillian W. Price, wife of Mr. Price, owned beneficially, on April 18, 1961, 3,800 shares of common stock of the Company. Mr. Price and Industrial Waxes, Inc. are the plaintiffs in the lawsuit described below under 4B.

(c) During the past five years Mr. Rosenblatt has served as: Director and Member of the Executive Committee, Commercial Bank of North America, New York, N. Y.; Director, U. S. Vitamin & Pharmaceutical Company; Director and Vice President, Cuban Iron Ore Company.

(d) Mr. Stillman's principal occupations for the past five years have been: Director, Executive Vice President and Treasurer, and Director and Chairman, Finance Committee, Time Incorporated, New York, N.Y.

None of the nominees owns any capital stock of United Fruit Company, except Mr. Tennyson, who owns 20 shares.

2. REMUNERATION OF DIRECTORS AND OFFICERS

For the fiscal year 1960, the aggregate remuneration paid or set aside for the benefit of certain of its directors and officers individually and for all of them as a group is as follows:

Name of Individual or Identity of Group	*Capacities in which Remuneration was Received*	*Aggregate Remuneration*
Harold W. Haase	President and Director	$33,600.00
Directors and Officers, as a group	Directors and Officers	96,900.00

3. UNITED FRUIT COMPANY

United Fruit Company on April 18, 1961, owned beneficially 233,600 shares of common stock of the Company, representing approximately 39% of the voting securities of the Company.

United Fruit Company continues to ship its bananas and other material over the lines of the Company. For the calendar year 1960, the amount of freight traffic received from the United Fruit Company was approximately $2,600,000. For the two months ended February 28, 1961, the amount of such revenues was approximately $507,000.

4. LITIGATION

A. A stockholders' derivative action brought against United Fruit Company by Charles B. Ripley and other stockholders of the Company terminated with the payment by United Fruit on March 1, 1961 of $7,568,544.36 under a judgment and supplemental judgment in favor of the Company, which sum includes damages to December 31, 1960, and interest to March 1, 1961, after adjustment for an offset in favor of United Fruit based on a Company note in the amount of $1,375,000 and interest held by United Fruit. The foregoing followed a decision by the Court of Appeals on December 8, 1960, affirming a judgment previously entered in favor of the Company, and the further decision of the Court of Appeals on February 23, 1961, denying an application by United Fruit for reargument of the appeal.

B. In July, 1960, an action was commenced in the United States District Court for the Southern District of New York (file number Civil 2909—1960) by Industrial Waxes, Inc. and Edwin C. Price against United Fruit Company and its directors, and also against International Railways of Central America and

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some of its directors. The plaintiffs are stockholders of International Railways, and alleged in the complaint that they were suing derivatively for the benefit of the Company.

In essence, the complaint alleges that United Fruit dominated International Railways and prevented the Company from adopting and effectuating a prudent dieselization program, in which policy the defendant directors participated. The complaint also alleges that the plaintiffs caused the Company to abandon a proposed diesel locomotive purchase program which was improvident, and that an agreement was entered into between the plaintiffs and the Company under which the Company was to take certain steps in aid of proposed dieselization, as to which agreement the plaintiffs sought specific performance. Damages are asked of United Fruit and the director defendants, in favor of the Company, for the failure of defendants to cause or permit the Company to enter upon a proper program.

In August, 1960, an order was entered by the court setting aside the service of process against thirteen out of eighteen defendants who were directors of United Fruit. Process was also set aside as to Walter B. McGregor and Frank I. Tennyson, two directors of the Company.

In January, 1961, the Company and three other directors who had been served with process (James McGovern, Hugh R. Partridge and Herman E. Willer) moved to dismiss the complaint for improper venue, Mr. Partridge being the only one of said directors who was a resident of New York. Mr. McGovern died on February 16, 1961, while the motion was under consideration by the court. On April 26, 1961, a decision was rendered by the court dismissing the action as to Messrs. McGovern and Willer on jurisdictional grounds and sustaining the action against the Company and Mr. Partridge on the jurisdictional issue presented.

As will be evident from the foregoing, the merits of the action have not as yet been passed upon.

5. STOCKHOLDER PROPOSAL

The Company is informed that Mr. John Campbell Henry, whose address is 5 East 93rd Street, New York 28, N. Y., the holder of 70 shares of Preferred Stock of the Company, intends to present the following proposal for action at the meeting:

RESOLVED: That the stockholders of International Railways of Central America, assembled in annual meeting in person and by proxy, hereby request that the Board of Directors take the steps necessary to provide for the election of directors by cumulative voting, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he owns multiplied by the number of directors to be elected, and he may cast all of such votes for a single candidate or any two or more of them as he may see fit. His statement in support of said proposal appears below.

Reasons

John Sobleski, Commissioner of Corporations of California, has stated, "This office views with disfavor any voting procedure which denies representation on boards of directors for holders of substantial minority interests. Such an iron curtain against minority representation promotes inefficiency and waste in management and makes it more difficult for inefficient managements to be exposed or removed."

When this resolution was last introduced at the 1956 annual meeting, it polled the support of the owners of 25,976 shares.

6. OTHER MATTERS

The management does not know of any other matters which may come before the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote on such proposals in accordance with their judgment. Proxies may also be solicited by officers, directors and regular employees of the Company by telephone, telegraph or personal interview.

By order of the Board of Directors

FRANK I. TENNYSON
Secretary

Jersey City, N. J., May 10, 1961.

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PROXY STATEMENT

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

This statement is furnished in connection with the solicitation of proxies by the management of International Railways of Central America, to be voted at the annual meeting of the stockholders of the Company to be held at Room No. 803, No. 15 Exchange Place, Jersey City, N. J., on May 31, 1962, at 11 o'clock in the morning, for the purposes set forth in the accompanying notice of the meeting. The cost of this solicitation will be borne by the Company.

The Company has outstanding 100,000 shares of preferred stock and 500,000 shares of common stock. Holders of both classes of stock are entitled to vote at the meeting. Each share has one vote. Stockholders of record at the close of business May 10, 1962, are the stockholders entitled to vote at this meeting. If the accompanying form of proxy is executed and returned, it will be voted, but it may be revoked at any time in so far as it has not been exercised. Under New Jersey law, attendance at the Annual Meeting by a stockholder who has given a proxy will not revoke the proxy unless the stockholder so notifies the secretary of the Company in writing prior to the voting of the proxy.

1. ELECTION OF DIRECTORS

At the meeting twelve directors are to be elected to serve for a term of one year and until their successors are elected and qualify. It is the intention of the persons named in the accompanying form of proxy to vote such proxy for the election as directors of the nominees hereinafter listed. If, for any reason, any of said nominees shall become unavailable for election, the proxy will be voted for nominees selected by the management of the Company.

Name	*Principal Occupation*	*Director Since Year Set Forth Below*	*Securities of the Company Beneficially Owned Directly or Indirectly as of April 13, 1962*	
			Common Stock (Shares)	*Preferred Stock (Shares)*
Arthur Brown.....	President, Arthur Brown & Bro., Inc., (Artists' Supplies), New York, N. Y.	1962	100(a)	10(a)
James B. Cunningham...	President, James B. Cunningham Co. (Rubber Brokers), Boston, Mass.	1959	500	1,000
Maurice Goodman.....	President, B. S. F. Company (A Holding Company), Wilmington, Del.	1962	100(b)	
Oliver R. Grace.....	Partner, Sterling, Grace & Co. (Investment Advisers and Stock Brokers), New York, N. Y.	1958	600	250
Harold W. Haase.....	President of the Company	1959	100	
P. Blair Lee.....	Director, B. S. F. Company, Wilmington, Delaware and other corporations	1962	200(c)	
Edwin C. Price.....	President, Price y Cia., Inc. and Industrial Waxes, Inc. (General Exporters), Cincinnati, Ohio.	1961	15,200(d)	70(d)
William Rosenblatt.....	Personal Investments, New York, N. Y.	1961	4,400	1,040
George A. Ruckle.....	Resident Manager, Cruttenden, Podesta & Miller (Stock Brokers), Tenafly, N. J.	1959		1,300
Charles L. Stillman.....	Director and Chairman, Finance Committee, Time Incorporated (Publishing), New York, N. Y.	1961	100	
Frank I. Tennyson.....	Vice President, Secretary and Treasurer of the Company	1942	100	
Louis Yaeger.....	Personal Investments, New York, N. Y. (Chairman of the Board of the Company)	1959	15,700	10,980

Exhibit 13

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(a) Mr. Brown, for the last five years, has been President of Arthur Brown & Bro., Inc., New York, N. Y., a wholesaler and retailer of artists' materials. He is also Executive Vice President and Director of B.S.F. Company, Wilmington, Del. As at April 13, 1962, Mr. Brown owned, beneficially, securities issued by the B.S.F. Company, as follows: 87,959 shares of Capital Stock, 12,308 Stock Purchase Warrants and $20,000 principal amount of 5¾% Convertible Subordinated Debentures. Mrs. Laura Brown, wife of Mr. Brown, owned, beneficially, as at the same date, 9,790 shares of B.S.F. Company Capital Stock. Arthur and Laura Brown, owned, beneficially, 3,000 Stock Purchase Warrants of B.S.F. Company.

(b) Mr. Goodman, for the last five years, has been President of B.S.F. Company, Wilmington, Del., a holding company. As at April 13, 1962, Mr. Goodman owned, directly and beneficially, 107,665 shares of Capital Stock, 16,323 Stock Purchase Warrants and $30,000 principal amount of 5¾% Convertible Subordinated Debentures of the B.S.F. Company.

(c) Mr. Lee was President of Western Saving Fund Society of Philadelphia, Pa. from 1939 to December 31, 1960. He is a director of B.S.F. Company, Wilmington, Del. Mr. Lee owned, beneficially, on April 13, 1962, 3,997 shares of the Capital Stock of B.S.F. Company.

(d) Mr. Price is an officer of the companies listed below which owned beneficially, on April 13, 1962, shares of stock of the Company as follows:

	Common	*Preferred*
Price y Cia., Inc.	6,200	360
Industrial Waxes, Inc.	100	870
Lacto Productos de Mexico, S.A.	3,900	

Mrs. Lillian W. Price, wife of Mr. Price, owned beneficially, on April 13, 1962, 3,800 shares of common stock of the Company.

None of the nominees owns any Capital Stock of B.S.F. Company except as heretofore stated.

2. REMUNERATION OF DIRECTORS AND OFFICERS

For the fiscal year 1961, the aggregate remuneration paid or set aside for the benefit of certain of its directors and officers individually and for all of them as a group is as follows:

Name of Individual or Identity of Group	*Capacities in which Remuneration was Received*	*Aggregate Remuneration*
Harold W. Haase	President and Director	$ 35,700.00
Directors and Officers, as a group	Directors and Officers	108,825.00

3. B.S.F. COMPANY

On January 25, 1962, B.S.F. Company purchased 233,600 shares of common stock of the Company from United Fruit Company, constituting approximately 39% of the voting stock of the Company. On April 13, 1962, B.S.F. Company was the registered and beneficial holder of 242,600 shares of common stock of the Company, which constitutes approximately 40% of the voting stock of the Company.

4. STOCKHOLDER PROPOSAL

The Company is informed that Mr. John Campbell Henry of 5 East 93rd Street, New York City (holder of 70 shares of preferred stock of the Company), or Mr. Lewis D. Gilbert or Mr. John J. Gilbert of 1165 Park Avenue, New York City (each the holder of 10 shares of common stock of the Company) intends to present the following proposal for action at the meeting:

RESOLVED: That the stockholders of International Railways of Central America, assembled in annual meeting in person and by proxy, hereby request that the Board of Directors take the steps necessary to provide for the election of directors by cumulative voting, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he owns multiplied by the number of directors to be elected, and he may cast all of such votes for a single candidate or any two or more of them as he may see fit. The statement in support of said proposal appears below.

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Reasons

Last year the shareholders of International R[illegible]ys indicated by a vote of 155,822 to 15,423 they wished to have the right of cumulative voting. United Fruit, the majority shareholder, abstained from voting.

This stock has now been sold to B.S.F. Company, which should mark its vote the way the majority of the shareholders other than B.S.F. desire in order to restore fair, just and equitable voting power to all shareholders, large or small.

5. OTHER MATTERS

The management does not know of any other matters which may come before the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote on such proposals in accordance with their judgment. Proxies may also be solicited by officers, directors and regular employees of the Company by telephone, telegraph or personal interview.

By order of the Board of Directors

FRANK I. TENNYSON
Secretary

Jersey City, N. J., May 3, 1962.

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1340A

PROXY STATEMENT

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

This statement is furnished in connection with the solicitation of proxies by the Management of International Railways of Central America, to be voted at the Annual Meeting of Stockholders of the Company to be held at Room No. 803, No. 15 Exchange Place, Jersey City, N. J., on May 29, 1963, at 11 o'clock in the morning, for the purposes set forth in the accompanying notice of the meeting. The cost of this solicitation will be borne by the Company.

The Company has outstanding 100,000 shares of preferred stock and 500,000 shares of common stock. Holders of both classes of stock are entitled to vote at the meeting. Each share has one vote. Stockholders of record at the close of business April 30, 1963, are the stockholders entitled to vote at this meeting. If the accompanying form of proxy is executed and returned, it will be voted, but it may be revoked at any time in so far as it has not been exercised. Under New Jersey law, attendance at the Annual Meeting by a stockholder who has given a proxy will not revoke the proxy unless the stockholder so notifies the secretary of the Company in writing prior to the voting of the proxy.

1. ELECTION OF DIRECTORS

At the meeting twelve (12) directors are to be elected to serve for a term of one year and until their successors are elected and qualify. It is the intention of the persons named in the accompanying form of proxy to vote such proxy for the election as directors of the nominees hereinafter listed. If, for any reason, any of said nominees shall become unavailable for election, the proxy will be voted for nominees selected by the present board of directors.

Nominee	*Principal Occupation*	*First Became a Director*	*Stock of the Company Beneficially Owned as of April 10, 1963*	
			Common Stock (Shares)	*Preferred Stock (Shares)*
Irving M. Buckley (a).....	Director, Executive Vice President and Treasurer of Transportation Corporation of America (Transportation and Communications); Vice Chairman of Board and Vice President-Assistant Treasurer of D. C. Transit System, Inc. (Transportation) Washington, D. C.	——	0	0
O. Roy Chalk (b).....	President and Board Chairman of Transportation Corporation of America; President and Board Chairman of D. C. Transit System, Inc.	1962	0	0
Donald S. Dawson (c).....	Partner in law firm of Dawson, Griffin, Pickens & Riddell, Washington, D. C.	1962	0	0
Oliver R. Grace.....	Partner, Sterling, Grace & Co. (Investment Advisers and Stock Brokers), New York, N. Y.	1958	0	100

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Nominee	Principal Occupation	First Became a Director	Stock of the Company Beneficially Owned as of April 10, 1963 — Common Stock (Shares)	Stock of the Company Beneficially Owned as of April 10, 1963 — Preferred Stock (Shares)
Harold W. Haase.....	President of the Company	1959	100	0
Henry M. Hubshman, Jr. (d)	President of Hubshman Factors Corp. (Commercial Financing), New York, N. Y.	1963	10	0
Francis S. Levien (e).....	President, Universal American Corp. (Diversified Manufacturing), New York, N. Y.	—	0	0
Edwin C. Price (f).....	President, Price y Cia., Inc. and Industrial Waxes, Inc. (General Exporters), Cincinnati, Ohio	1961	15,700	1,230
Emil Rogers (g).....	Partner in law firm of Rogers & Rogers, New York, N. Y.	1962	0	0
William Rosenblatt.....	Investments, New York, N. Y.....	1961	0	700
Frank I. Tennyson.....	Vice President, Secretary and Treasurer of the Company	1942	100	0
Louis Yaeger.....	Investments, New York, N. Y.....	1959	19,000	15,640

Transportation Corporation of America may be deemed to be a parent of the Company by virtue of its stockholdings therein (see following page).

(a) During the past five years, Mr. Buckley has occupied the offices described above. Mr. Buckley is the beneficial owner of the following securities of Transportation Corporation of America: 1,269 shares of Class A stock, 420 Second Series Stock Purchase Warrants (each Warrant permits the holder to buy 1.09 shares of Class A stock), and $14,000 (principal amount) of 6½% Convertible Subordinated Debentures due December 1, 1973 (convertible into Class A stock at $9.16 per share on or before December 1, 1967 and thereafter, through December 1, 1973, at $13.72 per share).

(b) During the past five years, Mr. Chalk has occupied the offices described above. See following page for beneficial holdings of Mr. Chalk and Mrs. Claire Chalk (his wife) in Transportation Corporation of America. Mr. Chalk has disclaimed any beneficial interest in said holdings of Mrs. Chalk.

(c) For the past five years, Mr. Dawson has practiced law. He has been a director of Transportation Corporation of America since 1962. Mr. Dawson is the beneficial owner of 106 shares of Class A stock of said corporation.

(d) Mr. Hubshman has been President of Hubshman Factors Corp. since 1961, prior to which he was Vice President of said corporation since at least 1957.

(e) Mr. Levien during the past five years has been President and a director and member of the Executive Committee of Universal American Corporation, a director of Paul Hardeman, Inc., and Bohn Aluminum & Brass Corporation, and a member of the firm of Levien, Steinbrink and Beaudet (now dissolved), former general counsel to Universal, and a predecessor firm thereof. He is also a director and member of the Executive Committee of Twentieth Century-Fox Film Corporation, and Chairman of the Board and a director of Franchard Corporation (formerly Glickman Corporation).

(f) Mr. Price is an officer of two companies which owned shares of stock of the Company beneficially on April 10, 1963, viz.: 7,700 shares of common stock and 360 shares of preferred stock owned by Price y Cia, Inc., and 300 shares of common stock and 870 shares of preferred stock owned by Industrial Waxes, Inc.

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Mr. Price was trustee on April 10, 1963 of 3,900 shares of common stock of the Company, for the benefit of his children, Edwin C. Price, Jr. and Thomas E. Price, and he has disclaimed any beneficial interest therein. Mrs. Lillian W. Price, his wife, owned 3,800 shares of common stock of the Company beneficially on April 10, 1963, and he has likewise disclaimed any beneficial interest therein.

(g) During the past five years, Mr. Rogers has practiced law. He has been a director of Transportation Corporation of America since 1960 and its General Counsel since 1945. Mr. Rogers is the beneficial owner of the following securities of Transportation Corporation of America: 9,136 shares of Class A stock, 186 Second Series Stock Purchase Warrants (each Warrant permits the holder to buy 1.09 shares of Class A stock), and $6,200 (principal amount) 6½% Convertible Subordinated Debentures due December 1, 1973 (convertible into Class A stock at $9.16 per share on or before December 1, 1967 and thereafter, through December 1, 1973, at $13.72 per share).

2. REMUNERATION OF DIRECTORS AND OFFICERS

For the fiscal year 1961, the aggregate remuneration paid or set aside for the benefit of certain of its directors and officers individually and for all of them as a group is as follows:

Name of Individual or Identity of Group	*Capacities in which Remuneration was Received*	*Aggregate Remuneration*
Harold W. Haase.....	President and Director	$ 36,200.00
Directors and Officers, as a group.....	Directors and Officers	113,700.00

3. TRANSPORTATION CORPORATION OF AMERICA

On or about October 25, 1962, Transporation Corporation of America (TCA) purchased 242,600 shares of common stock of the Company from B. S. F. Company, constituting approximately 40% of the voting stock of the Company. Prior to said date and thereafter, TCA or Inter-American Railways System, Incorporated, a wholly-owned subsidiary of TCA, purchased 61,047½ shares of common stock of the Company. TCA and the subsidiary aforesaid are the owners of 303,647½ shares of common stock of the Company, constituting approximately 50.6% of its voting stock. On December 21, 1962, TCA borrowed one million dollars from the Franklin National Bank. The loan is payable in quarter-annual instalments plus interest at 6% per annum upon the unpaid principal to January 1966. As a portion of the collateral for the loan, TCA pledged 242,600 shares of common stock of the Company.

Mr. O. Roy Chalk is the beneficial owner (as of March 31, 1963) of the following securities of Transportation Corporation of America: 113,894 shares of Class A stock, 673,021 shares of Class B stock, 3,636 Class A Stock Purchase Warrants (entitling the holder to purchase 5,964 shares of Class A stock), 30,000 Second Series Stock Purchase Warrants (each Warrant permits the holder to buy 1.09 shares of Class A stock), and $1,000,000 (principal amount) 6½% Convertible Subordinated Debentures due December 1, 1973 (convertible into Class A stock at $9.16 per share on or before December 1, 1967 and thereafter, through December 1, 1973, at $13.72 per share).

Mrs. Claire Chalk, wife of Mr. Chalk, is the beneficial owner (as of March 31, 1963) of the following securities of Transportation Corporation of America: 90,897 shares of Class A stock, 507,902 shares of Class B stock, 30 Second Series Stock Purchase Warrants, and $1,000 (principal amount) 6½% Convertible Subordinated Debentures due December 1, 1973.

The Class A and Class B stock of Transportation Corporation of America owned by Mr. and Mrs. Chalk as of March 31, 1963 totaled 1,385,690 shares, or approximately 57.4% of the total amount of both classes outstanding. As of the same date, corporations controlled by, or under common control with, Mr. and Mrs. Chalk owned an aggregate of (a) 79,406 shares of Class A stock, (b) $412,000 (principal amount) 6½% Convertible Subordinated Debentures due December 1, 1973 of Transportation Corporation of America, and (c) 6,198 Second Series Stock Purchase Warrants of the said corporation (entitling the holder thereof to buy 7,490 shares of Class A stock).

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4. PROPOSED STOCKHOLDER RESOLUTION

The Company is informed that Mr. John Campbell Henry of 5 East 93rd Street, New York City (holder of 120 shares of preferred stock of the Company), or Mr. Lewis D. Gilbert or Mr. John J. Gilbert of 1165 Park Avenue, New York City (each the holder of 10 shares of common stock of the Company) intends to present the following proposal for action at the meeting: RESOLVED: That the stockholders of International Railways of Central America, assembled in annual meeting in person and by proxy, hereby request that the Board of Directors take the steps necessary to provide for the election of directors by cumulative voting, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he owns multiplied by the number of directors to be elected, and he may cast all of such votes for a single candidate or any two or more of them as he may see fit.

These stockholders have submitted the following statement in support of such proposal: "At the last annual meeting the owners of 34,377 shares voted in favor of our similar resolution. B. S. F. Company has since disposed of its interest in the Company and these constant changes in control make cumulative voting especially important at International Railways of Central America. Chairman Louis Yaeger favors cumulative voting. If you agree, please mark your proxy FOR this resolution; otherwise it is automatically cast against it."

Management takes no position on the proposed resolution, and the persons named as proxies will vote on such proposal only as specified; if no specification is made, the proxy will not be voted either in favor or against the resolution.

5. OTHER MATTERS

The management does not know of any other matters which may come before the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote on such proposals in accordance with their judgment. Proxies may also be solicited by officers, directors and regular employees of the Company by telephone, telegraph or personal interview.

By order of the Board of Directors

FRANK I. TENNYSON
Secretary

Jersey City, N. J., May 3, 1963.

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

15 Exchange Place

Jersey City 2, N. J.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of International Railways of Central America will be held at Room No. 803, 15 Exchange Place, Jersey City 2, N. J., on Wednesday May 27, 1964, at 11:00 A.M., for the following purposes:

1. To elect a board of thirteen (13) directors for the ensuing year;

2. To consider and vote upon a stockholder proposal relating to the adoption of cumulative voting by the Company, if such proposal is properly presented before the meeting;

3. To transact any other business as may properly come before the meeting.

Only stockholders of record at the close of business April 15, 1964, will be entitled to notice of and to vote at the meeting.

By order of the Board of Directors:

FRANK I. TENNYSON,
Secretary

Dated: Jersey City, New Jersey
April 30, 1964.

Stockholders who do not expect to attend in person are requested to date, sign and return the enclosed proxy in the accompanying envelope, which requires no postage if mailed in the United States.

EXHIBIT "A"

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PROXY STATEMENT

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

This statement is furnished in connection with the solicitation of proxies by the Management of International Railways of Central America, to be voted at the Annual Meeting of Stockholders of the Company to be held at Room No. 803, No. 15 Exchange Place, Jersey City, N. J., on May 27, 1964, at 11:00 o clock in the morning for the purposes set forth in the accompanying Notice of Meeting. The Company has outstanding 100,000 shares of preferred stock and 500,000 shares of common stock. Holders of both classes of stock are entitled to vote at the meeting. Each share has one vote. Stockholders of record at the close of business on April 15, 1964, are the stockholders entitled to vote at this meeting. If the accompanying form of proxy is executed and returned, it will be voted, but it may be revoked at any time insofar as it has not been exercised. Under New Jersey law, attendance at the Annual Meeting by a stockholder who has given a proxy will not revoke the proxy unless the stockholder so notifies the secretary of the Company in writing prior to the voting of the proxy.

1. ELECTION OF DIRECTORS

At the meeting thirteen (13) directors are to be elected to serve for a term of one year and until their successors are elected and qualify. It is the intention of the persons named in the accompanying form of proxy to vote such proxy for the election as directors of the nominees hereinafter listed. If, for any reason, any of said nominees shall become unavailable for election, the proxy will be voted for nominees selected by the present Board of Directors.

Nominee	*Principal Occupation*	*First Became a Director*	*Stock of the Company Beneficially Owned as of February 29, 1964*	
			Common Stock (Shares)	*Preferred Stock (Shares)*
O. Roy Chalk	Chairman of the Board of the Company; Chairman of the Board and President, Transportation Corporation of America (transportation and communications), New York, N. Y.; Chairman of the Board and President, D. C. Transit System, Inc. (transportation), Washington, D. C.	1962	0	0
Irving M. Buckley	Executive Vice President and Treasurer, Transportation Corporation of America; Vice Chairman of the Board and Vice President-Assistant Treasurer, D. C. Transit System, Inc.	1963	0	0
Donald S. Dawson	Partner, Dawson, Griffin, Pickens & Riddell (attorneys), Washington, D. C.	1962	0	0
Morris Fox	Vice President, Transportation Corporation of America; First Vice President, D. C. Transit System, Inc.	—	0	0
Oliver R. Grace	Partner, Sterling, Grace & Co. (investment advisers and stockbrokers), New York, N. Y.	1958	0	250
Harold W. Haase	President of the Company	1959	100	0
Henry W. Hubshman, Jr.	President, Hubshman Factors, Inc. (commercial financing), New York, N. Y.	1963	10	0

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Nominee	Principal Occupation	First Became a Director	Stock of the Company Beneficially Owned as of February 29, 1964: Common Stock (Shares)	Stock of the Company Beneficially Owned as of February 29, 1964: Preferred Stock (Shares)
Francis S. Levien.....	President, Universal American Corp. (diversified manufacturing), New New York, N. Y.	1963	0	0
Edwin C. Price.....	President, Price y Cia, Inc. and Industrial Waxes, Inc. (general exporters), Cincinnati, Ohio	1961	8,000 (Beneficial)* 14,600 (Direct)	1,230 (Beneficial) 70 (Direct)
Emil Rogers.....	Partner, Rogers & Rogers (attorneys), New York, N. Y.	1962	0	0
William Rosenblatt	Investments, New York, N. Y.	1961	0	700
Frank I. Tennyson.....	Vice President, Secretary and Treasurer of the Company	1942	100	0
Louis Yaeger.....	Investments, New York, N. Y.	1959	28,000	28,100

*In addition, Mr. Price was trustee on February 29, 1964 of 3,900 shares of common stock of the Company, for the benefit of his children, Edwin C. Price, Jr., and Thomas E. Price, and he has disclaimed any beneficial interest therein. Mrs. Lillian W. Price, his wife, owned 3,800 shares of common stock of the Company beneficially on February 29, 1964, and he has also disclaimed any beneficial interest therein.

Transportation Corporation of America may be deemed to be a parent of the Company by virtue of its stockholdings therein as set forth below.

Mr. Morris Fox, nominee to the Board of Directors, has not previously served as a Director of the Company. During the past 5 years, Mr. Fox has served as First Vice President of D. C. Transit System, Inc. (a subsidiary of Transportation Corporation of America) and, for the past year, as a Vice President of Transportation Corporation of America.

Remuneration of Directors and Officers

The following table sets forth the aggregate direct remuneration paid during 1963 by the Company to each director, and to each of the three highest paid officers of the Company whose aggregate direct remuneration exceeded $30,000 and to all directors and officers of the Company as a group:

Name of Individual or Identity of Group	Capacities in which Remuneration was Received	Aggregate Remuneration
Harold W. Haase.....	President and Director	$ 36,100.00
Directors and Officers, as a group.....	Directors and Officers	150,368.59

During 1963 the Company paid as fees for legal services $6,000 to the firm of Rogers & Rogers of New York City, of which Emil Rogers, a director of the Company, is a partner.

Owners of More Than 10% of the Voting Securities of the Company

As of February 29, 1964, Transportation Corporation of America (TCA) owned, directly or indirectly, 307,142½ shares of common stock of the Company, which represented ownership by it of 61.4% of the outstanding common stock and 51.2% of the outstanding voting securities of the Company.

As of February 29, 1964, Mr. O. Roy Chalk, Chairman of the Board and President of TCA, and his wife, Claire Chalk, owned a total of 147,794 shares of Class A and 1,154,565 shares of Class B stock of TCA,

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or approximately 53.6% of the total amount of both classes outstanding. As of the same date, Mr. and Mrs. Chalk owned an aggregate of $956,000 principal amount of 6½% convertible subordinate debentures due December 1, 1973, of TCA (convertible into Class A stock at $9.16 per share on or before December 19, 1967, and thereafter through December 1, 1973 at $13.72 per share), and 30,030 second series stock purchase warrants (each warrant permitting the holder to purchase 1.09 shares of Class A stock at $11.45 per share on or before December 1, 1966). Corporations controlled by, or under common control with, Mr. and Mrs. Chalk, as of February 29, 1964, owned an aggregate of 109,759 shares of Class A stock, $425,600 principal amount of 6½% convertible subordinate debentures and 6,528 second series stock purchase warrants, of TCA. Other nominees to the Board of Directors of the Company as of February 29, 1964, owned the following equity securities of TCA: Mr. Irving M. Buckley owned 1,305 shares of Class A stock and 420 second series stock purchase warrants; Mr. Donald S. Dawson owned 106 shares of Class A stock; Mr. Morris Fox owned 430 shares of Class A stock; Mr. Henry W. Hubshman, Jr., owned 437 shares of Class A and 4,547 shares of Class B stock; and Mr. Emil Rogers owned 8,853 shares of Class A stock.

As of February 29, 1964, Mr. Louis Yaeger owned 22.1% of the outstanding preferred stock of the Company.

2. PROPOSED STOCKHOLDER RESOLUTION

The Company is informed that Mr. John Campbell Henry of 5 East 93rd Street, New York City (holder of 120 shares of preferred stock of the Company), or Mr. Lewis D. Gilbert or Mr. John J. Gilbert of 1165 Park Avenue, New York (each the holder of 10 shares of preferred stock and 10 shares of common stock of the Company and representing an additional family interest of 10 shares of preferred stock and 10 shares of common stock of the Company) intends to present the following proposal for action at the meeting: RESOLVED: That the stockholders of International Railways of Central America, assembled in annual meeting in person and by proxy, hereby request that the Board of Directors take the steps necessary to provide for the election of directors by cumulative voting, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he owns multiplied by the number of directors to be elected, and he may cast all of such votes for a single candidate or any two or more of them as he may see fit.

These stockholders have submitted the following statement in support of such proposal: "At the last annual meeting the owners of 55,706 shares voted in favor of our similar resolution, an increase over the 34,377 shares cast for it the previous year. Stanley W. Penn recently reported in *The Wall Street Journal* that some 400 companies listed on the New York Stock Exchange use cumulative voting, up from 350 in 1960. Director Louis Yaeger favors cumulative voting, which is especially important at International Railways because of the large holding of Transportation Corporation of America and the continuing problems of operating in Latin America."

Neither nominees for election as directors nor Transportation Corporation of America has any special interest in the proposed resolution. Transportation Corporation of America has advised that it intends to vote its shares of common stock of the Company against the proposed stockholder resolution.

Management takes no position on the proposed resolution, and the persons named as proxies will vote on such proposal only as specified. If no specification is made, the proxy will not be voted either in favor or against the resolution.

3. OTHER MATTERS

The Management does not know of any other matters which may come before the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote on such proposals in accordance with their judgment.

The cost of soliciting these proxies will be borne by the Company. Proxies will be solicited primarily by mail, although proxies may also be solicited by officers, directors and regular employees of the Company by telephone or personal interview. No solicitation is being made by specially engaged employees of the Company or other paid solicitors.

By order of the Board of Directors:

FRANK I. TENNYSON,
Secretary

Jersey City, N. J., April 30, 1964

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INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

PROXY STATEMENT

This statement is furnished in connection with the solicitation of proxies by the management of International Railways of Central America, to be voted at the Annual Meeting of Stockholders of the Company to be held at Room No. 803, No. 15 Exchange Place, Jersey City, N. J., on May 26, 1965, at 11:00 o'clock in the morning for the purposes set forth in the accompanying Notice of Meeting. The Company has outstanding 100,000 shares of preferred stock and 500,000 shares of common stock. Holders of both classes of stock are entitled to vote at the meeting. Each share has one vote. Stockholders of record at the close of business on April 16, 1965, are the stockholders entitled to vote at this meeting. If the accompanying form of proxy is executed and returned, it will be voted, but it may be revoked at any time insofar as it has not been exercised. Under New Jersey law, attendance at the Annual Meeting by a stockholder who has given a proxy will not revoke the proxy unless the stockholder so notifies the secretary of the Company in writing prior to the voting of the proxy.

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1. ELECTION OF DIRECTORS

At the meeting thirteen (13) directors are to be elected to serve for a term of one year and until their successors are elected and qualify. It is the intention of the persons named in the accompanying form of proxy to vote such proxy for the election as directors of the nominees hereinafter listed. If, for any reason, any of said nominees shall become unavailable for election, the proxy will be voted for nominees selected by the present Board of Directors.

Nominee and Principal Occupation	First Became a Director	Stock of the Company Beneficially Owned as of February 28, 1965: Common Stock	Stock of the Company Beneficially Owned as of February 28, 1965: Preferred Stock
O. Roy Chalk, Chairman of the Board of the Company; Chairman of the Board and President, Trans Caribbean Airways, Inc. (transportation and communications), New York, N. Y.; Chairman of the Board and President, D. C. Transit System, Inc. (transportation), Washington, D. C.	1962	—	—
Irving M. Buckley, Executive Vice President and Treasurer, Trans Caribbean Airways, Inc.; Vice Chairman of the Board and Vice President-Assistant Treasurer, D. C. Transit System, Inc.	1963	—	—
Donald S. Dawson, Partner, Dawson, Griffin, Pickens & Riddell (attorneys), Washington, D. C.	1962	—	—
Morris Fox, Vice President, Trans Caribbean Airways, Inc.; First Vice President, D. C. Transit System, Inc.	1964	—	—
Oliver R. Grace, Partner, Grace & Co. (investment advisers and stockbrokers), New York, N. Y.	1958	—	250
Harold W. Haase, President of the Company	1959	100	—
Henry M. Hubshman, Jr., Senior Vice President, First National City Bank (banking), New York, N. Y.	1963	10	—
Francis S. Levien, President, Universal American Corp. (diversified manufacturing), New York, N. Y.	1963	—	—
Edwin C. Price, President, Price y Cia, Inc. and Industrial Waxes, Inc. (general exporters), Cincinnati, Ohio	1961	15,700 (Beneficial)* •14,600 (Direct)	610 (Beneficial) 70 (Direct)
Emil Rogers, Partner, Rogers & Rogers (attorneys), New York, N. Y.	1962	—	—
William Rosenblatt, Investments, New York, N. Y.	1961	—	700
Frank I. Tennyson, Secretary of the Company	1942	100	—
Louis Yaeger, Investments, New York, N. Y.	1959	28,000	29,380

*In addition, Mr. Price was trustee on February 28, 1965, of 3900 shares of common stock of the Company, for the benefit of his children, Edwin C. Price, Jr., and Thomas E. Price, and he has disclaimed any beneficial interest therein.

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Trans Caribbean Airways, Inc. may be deemed to be a parent of the Company by virtue of its stockholdings therein as hereinafter set forth. 1350A

Remuneration of Directors and Officers

The following table sets forth the aggregate remuneration paid during 1964 by the Company to each director and to each of the three highest paid officers of the Company whose aggregate direct remuneration exceeded $30,000 and to all directors and officers of the Company as a group:

Name of Individual or Identity of Group	Capacities in which Remuneration was Received	Aggregate Remuneration
Harold W. Haase	President and Director	$ 36,100.00
Directors and Officers, as a group (comprised of 18 persons)	Directors and Officers	157,756.61

During 1964 the Company paid as fees for legal services $9,000 to the firm of Rogers & Rogers of New York City, of which Emil Rogers, a director of the Company, is a partner.

Principal Holders of Voting Securities

As of February 28, 1965, Trans Caribbean Airways, Inc. (TCA) owned, directly or indirectly, 340,176½ shres of common stock of the Company, which represented ownership by it of 68% of the outstanding common stock and 56.7% of the outstanding voting securities of the Company.

As of February 28, 1965, Mr. O. Roy Chalk, Chairman of the Board and President of TCA, and his wife, Claire Chalk, were the direct or indirect beneficial owners of (i) 246,956 shares of Class A and 1,164,293 shares of Class B stock of TCA, or approximately 54% of the total amount of both classes outstanding, (ii) $125,000 principal amount of 5% convertible subordinated debentures due November 15, 1979, of TCA (presently convertible into Class A stock at $11.50 per share), (iii) $1,321,000 principal amount of 6½% convertible subordinated debentures due December 1, 1973, of TCA (presently convertible into Class A stock at $8.72 per share), (iv) 36,555 second series stock purchase warrants (each warrant permitting the holder to purchase 1¼ shares of Class A stock at $10.90 per share), and (v) an option to purchase 157,500 shares of Class A stock presently exercisable at $8.38 per share. Other nominees to the Board of Directors of the Company as of February 28, 1965, were the direct or indirect beneficial owners of the following equity securities of TCA: Mr. Irving M. Buckley owned 1,372 shares of Class A stock and options to purchase 10,856 shares of Class A stock; Mr. Donald S. Dawson owned 426 shares of Class A stock; Mr. Morris Fox owned 452 shares of Class A stock, $125,000 principal amount of 5% convertible subordinated debentures, and options to purchase 10,856 shares of Class A stock; Mr. Henry W. Hubshman, Jr. owned 5,324 shares of Class B stock and $40,600 principal amount of 6½% convertible subordinated debentures; and Mr. Emil Rogers owned 9,095 shares of Class A stock, 186 second series stock purchase warrants and options to purchase 10,856 shares of Class A stock.

As of February 28, 1965, Mr. Louis Yaeger owned 29.4% of the outstanding preferred stock of the Company.

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2. PROPOSAL FOR CUMULATIVE VOTING

The Company is informed that Mr. Lewis D. Gilbert and/or Mr. John J. Gilbert of 1165 Park Avenue, New York (each the holder of 10 shares of preferred stock of the Company and representing an additional family interest of 10 shares of preferred stock of the Company) and/or Mr. John Campbell Henry of 5 East 93rd Street, New York City (holder of 120 shares of preferred stock of the Company) intends to present the following proposal for action at the meeting:

> "RESOLVED: That the stockholders of International Railways of Central America, assembled in annual meeting in person and by proxy, hereby request that the Board of Directors take the steps necessary to provide for the election of directors by cumulative voting, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he owns multiplied by the number of directors to be elected, and he may cast all of such votes for a single candidate or any two or more of them as he may see fit."

These stockholders have submitted the following statement in support of such proposal: "At the last annual meeting the owners of 62,469 shares voted in favor of our similar resolution, an increase over the 55,706 shares cast for it the previous year. California Corporations Commissioner Charles E. Rickershauser has declared himself in favor of cumulative voting and insisted his statement on the beneficial effects of cumulative voting be sent to all California American Broadcasting-Paramount Theatres owners when management solicited proxies to eliminate this democratic voting procedure. Director Louis Yaeger favors cumulative voting, which is especially important at International Railways because of the continuing problems of operating in Latin America."

Neither nominees for election as directors nor Trans Caribbean Airways, Inc. has any special interest in the proposal. Trans Caribbean Airways, Inc. has advised that it intends to vote its shares against the proposed stockholder resolution.

Management takes no position on the proposed resolution, and the persons named as proxies will vote on such proposal only as specified. If no specification is made, the proxy will not be voted either in favor or against the proposal.

3. PROPOSAL FOR POST-ANNUAL-MEETING REPORTS

The Company is also informed that Messrs. Lewis D. Gilbert and/or John J. Gilbert and/or John Campbell Henry intend to present the following proposal for action at the meeting:

> "RESOLVED: That the stockholders of International Railways of Central America, assembled in annual meeting in person and by proxy, hereby request that a report of the annual meeting sent to all stockholders of the Company containing a summary of the discussion, stockholder questions of importance and management answers, with identification of participating owners, and the actual vote for and against all matters presented to the meeting."

These stockholders have submitted the following statement in support of such proposal: "Owners who for geographical or business reasons cannot attend the annual meeting are entitled to a full account of the

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proceedings. Many corporations send out excellent post-meeting reports, symbols of modern stockholder relations; so should International Railways."

Trans Caribbean Airways, Inc. has advised that it intends to vote its shares against the proposed stockholder resolution. 13524

Management takes no position on the proposed resolution, and the persons named as proxies will vote on such proposal only as specified. If no specification is made, the proxy will not be voted either in favor or against the proposal.

4. OTHER MATTERS

The management does not know of any other matters which may come before the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote on such proposals in accordance with their judgment.

The cost of soliciting these proxies will be borne by the Company. Proxies will be solicited primarily by mail, although proxies may also be solicited by officers, directors and regular employees of the Company by telephone or personal interview. No solicitation is being made by specially engaged employees of the Company or other paid solicitors.

By order of the Board of Directors:

FRANK I. TENNYSON,
Secretary

Jersey City, N. J.
May 7, 1965.

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/353A

PROXY STATEMENT

INTERNATIONAL RAILWAYS OF CENTRAL AMERICA

This statement is furnished in connection with the solicitation of proxies by the management of International Railways of Central America, to be voted at the annual meeting of the stockholders of the Company to be held at Room No. 803, No. 15 Exchange Place, Jersey City, N. J. on May 27, 1959, at 11 o'clock in the morning, for the purposes set forth in the accompanying notice of the meeting. The cost of this solicitation will be borne by the Company.

The Company has outstanding 100,000 shares of preferred stock and 500,000 shares of common stock. Holders of both classes of stock are entitled to vote at the meeting at the rate of one vote for each share held. Stockholders of record at the close of business May 6, 1959, are the stockholders entitled to vote at this meeting. If the accompanying form of proxy is executed and returned, it will be voted, but it may be revoked at any time in so far as it has not been exercised. Under New Jersey law, attendance at the Annual Meeting by a stockholder who has given a proxy will not revoke the proxy unless the stockholder so notifies the secretary of the meeting in writing prior to the voting of the proxy.

The United Fruit Company on March 31, 1959, owned beneficially, either directly or through a wholly-owned subsidiary, 240,100 shares of common stock of the Company representing approximately 40% of the voting securities of the Company.

(1) ELECTION OF DIRECTORS

At the meeting nine directors are to be elected to serve for a term of one year and until their successors are elected and qualify. It is the intention of the persons named in the accompanying form of proxy to vote such proxy for the election as directors of the hereinafter listed nominees. If, for any reason, any of said nominees shall become unavailable for election, the proxy will be voted for nominees selected by the management of the Company.

Name	*Principal Occupation*	*Director Since Year Set Forth Below*	*Securities of the Company Beneficially Owned as of March 31, 1959*	
			Common Stock (Shares)	*Preferred Stock (Shares)*
James B. Cunningham	President, James B. Cunningham Co. (a)	—	500	800
Harold W. Haase	President of the Company (b)	1959	100	
James McGovern	General Attorney, United Fruit Company (c)	1947	5	
Walter B. McGregor	President, New Hampshire Finance Corporation (d)	1958	500	100
Hugh R. Partridge	Secretary-Treasurer, H. H. Pike & Co., Inc. (Importing and Exporting)	1931	10	
George A. Ruckle	President, Ruckle Sales, Inc. (e)	—		1200
Frank I. Tennyson	Vice President, Secretary and Treasurer of the Company	1942	25	
Herman E. Willer	Chairman of the Board, White Laboratories, Inc. (Pharmaceutical Products)	1926	1	
Louis Yaeger	Personal Investments (f)	—	5000	3300

(a) Mr. Cunningham for the past five years has been President of the James B. Cunningham Co., rubber brokers, with offices at Boston, Mass.

(b) Mr. Haase has been employed by the Company for the last five years and for many years previously. He was elected Vice President and General Manager on November 1, 1950, Executive Vice President on October 25, 1956 and President on April 2, 1959.

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[RETYPE OF p.2 of DX 568] 1354A

(c) Mr. Mc Govern's name is included among the foregoing by reason of the request therefor of United Fruit Company, owner as above set forth of 40% of the voting securities of the Company.

(d) For the past five years and many years previously, Mr. McGregor has been engaged as President of the New Hampshire Finance Corporation with offices at Manchester, N.H. The business of this company is principally automobile financing. Mr. McGregor is also President of the Manchester Insurance Corporation.

(e) For the last five years Mr. Ruckle has been engaged as a dealer in automobiles with his own company, with offices at Dumont, N.J. and has other real estate and banking interests throughout New Jersey.

(f) Mr. Yaeger for the past five years has served as a director of Western Union Telegraph Company, Thatcher Glass Company and other companies, as well as managed his personal investments.

Remuneration and Retirement Benefits of Directors, Officers and Others

For the fiscal year 1958, the aggregate remuneration paid or set aside for the benefit of certain of its directors and officers individually and for all of them as a group is as follows:

Name of Individual or Identity of Group	Capacities in which Remuneration was Received	Aggregate Remuneration
Directors and Officers, as a group.....	Directors and Officers	$113,000.00

(2) OTHER MATTERS

The management does not know of any other matters which may come before the meeting. However, if any other matters properly come before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote on such proposals in accordance with their judgment. Proxies may also be solicited by officers, directors and regular employees of the Company by telephone, telegraph or personal interview.

Jersey City, April 30, 1959.

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265. Under the 1948 contracts, IRCA obtained the following advantages:

(a) an extension for 20 years of UFCo's 1936 agreements (i) for supplying gravel from Las Quebradas and (ii) granting IRCA the right to use UFCo's main line between Quirigua and Bananera,

(b) an extension for fifteen years to January 1, 1963 of UFCo's 1936 agreement not to build an Atlantic port,

(c) an increase of 25%, from $60 to $75 per car, in the charges for the transportation of Agricola bananas,

(d) a reduction in IRCA's payments with respect to equipment furnished by Agricola from 5% for amortization and 4% for interest to approximately 4% of the cost of the equipment (5% in the case of the diesel locomotives),

(e) a grant to IRCA of the right to use the Agricola banana cars in its general service, which IRCA had previously been doing without specific contractual authorization,

(f) an extension from 1956 to 1963 of Agricola's 1936 agreement not to build a Pacific port and to use IRCA's lines exclusively for the transportation of its bananas and imports. *All of the above subject to the facts found in plaintiffs findings*

(PX 33, 34, 37, 32).

D101. The $60 charge for hauling bananas from western Guatemala to Barrios, when contracted for in 1933, covered the supplying by IRCA of the following listed advantages and facilities to CAG:

* * *

(i) IRCA undertook to transport all bananas tendered by CAG for transportation to Barrios from western Guatemala with no corresponding obligation on CAG to ship any given amount of bananas over IRCA at the rates specified in the contracts.

REF. PX 14, par. 17
PX 14, 15, *passim*

PX 569

1356A

D102. In substance the various undertakings of IRCA set forth in the preceding finding continue in effect to date.

REF. PX 14, par. 21

B360. On the same date, [2/3/33] the parties entered into a "Supplemental" contract, by which:

* * *

(d) IRCA was obligated to transport promptly all bananas tendered by United on the Pacific side; no obligation was imposed on United to ship any such bananas; no right was given IRCA to limit the quantity of bananas tendered by United, regardless of the capacity of IRCA to handle such bananas or the effect on other traffic over the 300 mile distance such bananas would move. Said 300 miles comprised the major portion of IRCA's track and the most heavily travelled section;

REF. PX 14, pars. 13 *et seq.*

SM 15222 (Simpson)

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B374. No substantial change was effected by the 1936 contracts with respect to the transportation of bananas by IRCA for CAG; under both the pre-existing contracts and the 1936 contracts, IRCA was to run the trains, furnish the facilities of track and wharf, pay for the cars and locomotives used in the traffic, and grant the special privileges and preferences, all for the sum of $60 per car for a term of 25 years.

REF. Under the 1933 contracts, IRCA was to supply all the equipment necessary to transport all bananas from western Guatemala to Barrios that were tendered by United, at a fixed rate of $60 per car (PX 14, 15).
No minimum or maximum car loads were specified in either contract (Finding B360) above, as to 1933; SM 15259-60 (Simpson) as to 1936).

B395. As a result of these stockholder complaints, United decided to grant IRCA an increase in the rate on banana cars from western Guatemala to Barrios from the then-current $60 per car to $75 per car; United hoped thereby to quiet these stockholders and avoid further inquiry.

B397. These 1948 agreements repeated parts of the antecedent 1936 agreements; division of the new rate of $75 per car into a $12 charge for so-called "Trackage Rights" and a $63 charge for "Operation of Trains" which were purely formal and did not reflect the substance of the situation.

157. That agreement [Traffic Agreement, 9/15/04] was made in contemplation of a large-scale banana development by UFCo on the Atlantic side of Guatemala, which actually took place thereafter. (UFCo Main Brief, p. 270).

Dx 569

Excerpt from Ripley Plaintiffs' Brief to the Appellate Division, pp. 507-08 (10/14/58) (Sidney Bender and Aaron Lewittes of Counsel).

1358A

5. *There Is No Assurance of Stable and Substantial Traffic Volume by Virtue of the Contracts.*

United's holding down IRCA rates on account of alleged contractual assurances of stable and substantial traffic volume is grossly inequitable, particularly in view of the fact that there are no such assurances but precisely the opposite. In no contract with IRCA has United guaranteed volume shipment over IRCA. To the contrary, the prepared positon on which the 1936 contracts were purportedly premised was that there was no such assurance. In the letter of June 23, 1936, signed by the then President of IRCA and formally submitted to the IRCA Board after approval by United, the following was set forth as justifying the 1936 arrangements respecting the acquisition of rolling stock for the banana business:

> "4. I have been wondering just how permanent this banana business will be and can see no definite assurance that it will last in Guatemala. Banana plantations are subject to a good many troubles. There is a disease which has permanently and quickly wiped out large districts in Costa Rica, Honduras and other places. That disease already exists in Guatemala and while the banana people do not seem worried, I imagine they felt the same way in the beginning about other places which were later on destroyed. Production may be wiped out for a period of a year or more by winds, floods, etc. Occurrences of this kind appear to be not infrequent or unusual. The bananas supplying our traffic are produced on the Pacific Coast and might some day go out from that side, which might materially affect the situation in that all of this additional rolling stock would not be required if the Pacific banana traffic were diverted from Barrios to Pacific ports. A considerable part of the bananas purchased are consumed in Europe, and tariff restrictions, embargoes, etc., and general world conditions, might upset banana markets to the point of seriously hurting the Guatemalan movement. All these circumstances show that we would have to be very careful about going into a large investment for special equipment which we may find idle on our hands for considerable periods in time of crop failures or destruction and perhaps permanently, if disease makes banana cultivation impossible in the areas producing our traffic." (PX 165)

DEFENDANT'S

13591

Excerpt from Oral Argument by Mr. Berner, Counsel for the Ripley Plaintiffs in the Appellate Division, pp. 158-59 (2/10/59):

> "So what did they [United and CAG] do? They say they assured us of stable and substantial volume—the mutual interest, if your Honors please. How can it be to our mutual interest to have the Fruit Company come in and take this railroad, under contract, when *they in those contracts never obligated themselves to ship one stem of bananas over IRCA.* It is a one way street. *There is no obligation.*" (Emphasis supplied.)

DX510

1360A

Excerpts from Ripley Plaintiffs' Brief to the Court of Appeals, "Plaintiffs' Points," pp. 36, 39-40 (10/22/59) (Sidney Bender and Aaron Lewittes of Counsel).

"*Nothing in the evidence indicates that* any of the parties set any store by any of *these alleged benefits* or that they *were bargained for*, or had any substance whatsoever (II-433-501, B359-385, II-1001-03, D452-6).

• • •

"c. 'Volume Assurances'

"Finally, there is the claim of a 'benefit' resulting from 'assurances of stable and substantial traffic volume'. Preliminarily, we may note the fact that *the contracts themselves do not require United to ship a single banana* (PX 25, 16-18, 31, 34-5, 37); United must use IRCA to move its export bananas, but without obligation to export any bananas. The very letter, prepared by United, from the IRCA President to his Board of Directors recommending adoption of the 1936 agreements, states that they are premised on the fact that there is 'no definite assurance that it [banana traffic] will last in Guatemala' (II-450-3, B365, referring to PX 165, par. 4; PX 25; PX 166).

"There is simply no evidence whatsoever to support this last claim or any objectively determinable value therefor.

• • •

"As a *practical* matter, export banana shipments can only be on a volume basis. They require special equipment (II-13, A25), and special train scheduling because of their perishable nature (II-12, A21, 23; II-398, B330; II-752-3, D50-53), both obviously matters not to be undertaken except for volume traffic. The bananas are moved by rail to seaboard for continuation by sea of their journey to market; if they are to remain in prime condition, arrangements must be made to have a ship waiting in port to take the fruit aboard, arrangements which patently could not be made economically except for a volume cargo or shipload comprising many carloads (II-11-2, A21; II-8, A13)."

(Emphasis supplied.)

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1361A

Excerpts from Oral Argument in the Court of Appeals by Ripley Plaintiff's Counsel, March 24, 1960.

MR. BERNER (at p. 44):

"There is no requirement to ship. They just say they will use the railroad for the bananas they do ship. If they decide, for their own reasons, to take this land to exploit something else, that is their option."

MR. LEWITTES (at p. 63):

"The contract made in 1936 did not say there had to be any shipments at all, much less shipments in any given quantity either at one time or over any period."

DX570

1362A

Excerpt from Ripley Plaintiffs' Brief to the Court of Appeals, pp. 6-7 (1/16/61) (Sidney Bender and Aaron Lewittes of Counsel).

"At all times to and including the trial of this case, IRCA has been the sole means of transportation linking western Guatemala with the country's sole deep water port, which was located on the Atlantic side (Findings A-11, 13-15, II-7-9). Since United's proposed 'port' on the Pacific was a sham (*supra*), it is obvious that, as a practical fact, and regardless of the presence or absence of pseudo-contractual statements, all banana shipments under the 1933 contract, as well as under the 1936 rewrite, had to move over IRCA. *Since in neither writing did United promise to grow or to ship anything* (Finding B360, II-433-6; PX16), *the practical substance of each was identical* (Finding B377, II-487); *whatever United chose to grow in Guatemala and send to market would be shipped over IRCA.*"

(Emphasis supplied.)

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REC'D BY

JUN 10 1963

MEMORANDUM

J. M. FOX

June 7, 1963

Mr. T. E. Sunderland:

Cost Comparison - Ecuadorian vs. Honduran Valery Bananas

Sometime ago you requested information concerning the comparison of delivered cost of fruit in New York from Ecuador with Valery fruit from Honduras when Honduras is on a 100% Valery basis.

Attached hereto is a statement which shows the estimated cost of Valery fruit from Honudras in 1966, when it is expected the Division will be on a 100% Valery basis, and also in 1970, when it is estimated the maximum acreage will be bearing, namely, 30,000 acres. It will be noted that the cost figures delivered at New York for these two periods are

1966 - $4.52
1970 - $4.34

Also attached is a statement of estimated 1963 cost of stem fruit from Ecuador in New York. Costs are as follows:

Bolivar - $6.00
Guayaquil - $5.34

We have also attempted to estimate the landed cost of competitors' Ecuador fruit in New York. Eddie Sporl recently received from Ralph C. Lally a copy of actual bills for three shipments of bananas from Guayaquil which were consigned to him. The average cost of the three shipments worked out to $2.50 per 100 pounds delivered aboard ship, as compared with our Guayaquil cost delivered aboard ship of $2.51 per 100 pounds. Our cost includes all tropical overhead but is before an allocation of Headquarters expense of 21¢ per 100 pounds.

We have also secured from Mr. Berry his estimate of competitors' cost of ocean transportation and discharging cost at the port of New York. He advises that the new Grace Line service from Ecuador is being very heavily patronized and that the freight rate is $34 per ton and the discharge rate $10 per ton. This works out to a total of $44 per ton or $2.20 per 100 pounds. In addition, the consignees are responsible for overtime in connection with the discharging operation which would increase this rate somewhat.

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Mr. Berry also estimated the cost if importers chartered vessels and operated them. It appears that normally the cost would be about the same as that of the Grace Line. However, if such ships could be loaded 100% full each voyage and turned around without any delay, their total cost might be as low as $2 per 100 pounds. Such performance is extremely unlikely and this probably explains the heavy patronage of the Grace Line service. Mr. Roddy advises that an importer could sell his fruit through a broker for 10¢ per 100 pounds.

Recapping these figures, it would appear that competitive fruit from Guayaquil might be as low as the following:

	Cost per 100 Pounds
Tropical Cost	$2.50
Ocean Freight & Discharging Cost	2.20
Selling Expense	.10
Total	$4.80

This compares with our Guayaquil costs of $5.34. The competitive figures do not include any overhead costs of doing business either in the tropics or this country and it is unlikely that their fruit can actually be laid down in New York for less than $5 per 100 pounds. Based on this, our cost of Honduran Valery bananas will be very competitive.

A. E. Carpenter

Attachments

CC Mr. J. M. Fox - w/copy attachments
Mr. R. O. Miller - w/copy attachments

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1965A

REVISED

TELA RAILROAD COMPANY-HONDURAS

SPECIAL STUDY DEVELOPING ESTIMATED BANANA COST DELIVERED IN NEW YORK FOR YEARS 1966 AND 1970

GROUND RULES

1. - Estimated that Honduras will be 100% Valery by the year 1966 and will reach a 30,000 acre level by 1970.

2. - Annual production per acre of 400 stems calculated as follows:

16.4 tons, or 32,800 pounds ÷ 82 lbs. per stem = 400 stems -

3. - Fixed Tropical Costs taken from Nine Year Forecast for years 1966 and 1970 prepared in September, 1962.

4. - Variable Tropical Costs for stem fruit and boxed fruit were developed by utilizing latest available 1963 variable rates per stem and box at the close of February.

5. - Ocean Freight (Cost Basis) is based on actual 1962 results at New York Port; also includes Headquarters and Corporate Expense allocation. Cost Study completed April 22, 1963 by the Comptroller's Dept.

6. - Terminal & Transportation (Includes Headquarters and Corporate Expense Allocation)
Headquarters & Corporate Expense

Based on the rates per 100 lbs. reflected in the 1963 Original Budget column of February, 1963 Directors' Book

7. - Selling Expense (Including Headquarters and Corporate Expense Allocation) based on following:

Stem Fruit - based on rate per 100 lbs. reflected in the 1963 Original Budget column of February, 1963 Directors' Book

Boxed Fruit - based on rate per 100 lbs. reflected in the 1963 Original Budget column of February, 1963 Directors' Book plus provision for $2,200,000 for additional advertising.

8. - Tropical unit costs reflected on the attached sheets assumes all Honduras fruit will be shipped to U.S. and Canada in 1966 and 1970

Budget Dept.
June 3, 1963

Dx 572.

REVISED

TELA RAILROAD COMPANY - HONDURAS
ESTIMATED BANANA COST DELIVERED IN NEW YORK
COSTS BASED ON 100% STEM FRUIT OR 100% BOXED FRUIT

	1966			1970		
	Fixed	Variable	Total	Fixed	Variable	Total
Stem Fruit Basis (Per 100 Lbs.)						
Tropical Cost	$2.17	$ .34	$2.51	$1.99	$ .34	$2.33
Ocean Freight	-	1.06	1.06	-	1.06	1.06
Terminal & Transportation	.23	.28	.51	.23	.28	.51
Selling Expense	.23	-	.23	.23	-	.23
Headquarters & Corp. Expense	.21	-	.21	.21	-	.21
Total	$2.84	$1.68	$4.52	$2.66	$1.68	$4.34
Boxed Fruit Basis (Per Box)						
Tropical Cost	$1.02	$ .80	$1.82	$ .93	$ .80	$1.73
Ocean Freight	-	.50	.50	-	.50	.50
Terminal & Transp.	.12	.14	.26	.12	.14	.26
Selling Expense	.18	-	.18	.18	-	.18
Headquarters & Corp. Expense	.11	-	.11	.11	-	.11
Total - Per Box	$1.43	$1.44	$2.87	$1.34	$1.44	$2.78
Per 100 Lbs.	$3.40	$3.43	$6.83	$3.19	$3.43	$6.62

S T A T I S T I C S

	1966	1970
Average Acres in Bearing (100% Valery)	20,625	30,000
Stems - Thousands (@ 400 Stems Per Acre)	8,250	12,000
Pounds Stem Fruit-Thousands (@ 82# P/Stem)	676,500	984,000
Boxes - Thousands (@ 1.75 Boxes P/Stem)	14,438	21,000
Pounds Boxed Fruit-Thousands (@ 42# P/Box)	606,396	882,000

Budget Dept.

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ECUADOR BANANAS SHIPPED TO NEW YORK
ESTIMATED BREAK-EVEN COST-YEAR 1963

1967A

	Stem Fruit Rates Per 100 Lbs. Bolivar	Guayaquil	Total
Tropical Cost			
Fixed			
Manager, accounting, legal, engineering and construction, watchmen, etc.	$ .05	$ .05	$ .05
Supervision of purchase fruit operations and banana loading and conveyor repairs, etc.	.03	.03	.03
Marine operations	.05	.04	.05
General Expense	.04	.04	.04
Depreciation and amortization	.02	.03	.02
Taxes	.01	.01	.01
Subtotal	.20	.20	.20
Variable			
Cost of purchased fruit	2.33	1.72	2.11
Banana loading	.13	.11	.13
Export duty	.44	.41	.43
Stringing, bagging, etc.	.07	.07	.07
Subtotal	2.97	2.31	2.74
Total Tropical Cost	3.17	2.51	2.94
Ocean Freight-At Cost-Fixed	1.77	1.77	1.77
Terminal & Transportation			
Fixed			
Conveyors, gear, etc.	.06	.06	.06
Loading Supervision	.10	.10	.10
Terminal	.07	.07	.07
Miscellaneous	.01	.01	.01
Subtotal	.24	.24	.24
Variable			
Stevedoring	.29	.29	.29
Total Terminal & Transportation	.53	.53	.53
Selling Expense			
Fixed	.14	.14	.14
Variable	.08(a)	.08(a)	.08(a)
Total Selling Expense	.22	.22	.22
Headquarters Expense-Fixed			
Applicable To-Tropical Cost	.21	.21	.21
Reefer Ships	.07	.07	.07
Terminal & Transportation	.02	.02	.02
Selling Expense	.01	.01	.01
Total Headquarters Expense	.31	.31	.31
Totals			
Fixed	2.66	2.66	2.66
Variable	3.34	2.68	3.11
Total Break-Even	$6.00	$5.34	$5.77

Comptroller's Office ( ) (a) Advertising

Dx 572

AGRICULTURAL
MAY 3 1963
R.O.M.
E.Y.J.
F.X.K.
M.T.
V.C.D.

1368A

RX 610-12
-461-
-467
531

MEMORANDUM

May 3, 1963

RJ 5/27-31
6/19

CONFIDENTIAL

Mr. R. O. Miller:

I summarize below discussions held on May 2nd and 3rd with Mr. DeLawder.

On May 2nd Mr. Sunderland, Mr. Trafton, you and I were present and Mr. Sunderland outlined five studies he wanted us to make and asked that Mr. DeLawder return in 30 days for further discussions.

TIQUISATE

*1. Work out financial returns for the next few years based on no further planting of any kind.

*2. Plant the division to low-growing variety (Valery) - 22,000 acres.

3. Lease all lands at the end of 1963 - assume that the lessees would cut down the bananas and plant cotton and that the Company would continue to operate the hospital, water, sewerage, electric plant, railroad, telephone system, and housing on a rental basis to the cotton growers.

   Naturally all the utilities would be charged for and operation would be geared to reduced requirements.

4. Lease all lands and see what arrangements could be made with Government for termination of hospital, railroad, light plant, etc.

5. Sell all lands and facilities and make arrangements with government to terminate our obligations with respect to the hospital, schools, railroad, etc.

*Note: #1 and #2 will be worked out in Boston as these would have to be compared with the returns from other divisions, particularly #2.

Mr. Sunderland also suggested that as soon as any large area blows flat we should lease the land out immediately for growing cotton rather than go to the expense of bringing it back to bearing. He instructed Mr. DeLawder to dig up the Valery seedbed and replant in order to increase the quantity of seed which will be available for

DEFENDANT'S
MAR 1 1 1974
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13691A

Jamaica. Of course, this will mean that there will be nothing available for the next six months.

On the morning of May 3rd another meeting was held. Messrs. Fox, Howard, Mason, Keany, Trafton, Hevia, DeLawder, you and I were present. We went over with Mr. Fox the points we had with Mr. Sunderland the previous night, and Mr. Fox stated he would like to look into the matter of consent decree in connection with #5.

It was also agreed that we should not rent out any blowdown areas for the next 30 days in order to give Mr. Sunderland and Mr. Fox a chance to go over the five studies which we are going to make.

Mr. Fox authorized us to go ahead with the boxing plant in Izabal Farm.

BANANERA

Mr. DeLawder pointed out to Mr. Sunderland that it would be a big help if some of the money for the 1964 planting project could be released the latter part of 1963 so that drainage and other preliminary work could be started.

Mr. Sunderland was much in favor of this and also stated he would like to see the Valery seedbed pushed as fast as possible. Therefore, Mr. DeLawder is to submit as soon as possible a planting project, based on mechanized cableways, for maximum of Valerys he could plant in 1963, showing cost by farms and amount of money he needs released in 1963. He is also to give us an estimate for a seedbed to supply seed for planting in 1965 based on planting at least 4000 acres of Valerys that year.

In addition, Mr. DeLawder is to submit for consideration a 2000-acre palm oil planting project for 1964.

It was decided that only seed from seedbed areas would be used since this would insure two heat treatments to the seed. There is always danger of spreading Moko by digging out of cultivations and, besides, quality of fruit would be impaired.

In studying #3, #4, and #5, the Law Department is also to consider which would be the best moves to make in order to change the Bananera operation to a Western Hemisphere operation.

E. V. Jones

cc: Mr. T. E. Sunderland
Mr. J. M. Fox
Mr. W. T. van Diepen
Mr. G. S. Howard
Mr. W. B. Mason
Mr. J. R. Herbig
Mr. J. G. Owen

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DEFENDANT'S 573B
MAR 11 1974
1370A

Tinsley - No

	① Stems	① 1973 Boxes	Total	① Stems
Average Acreage			13,500	
Available Stems	1,391 9	469 6	2,561 5	1,115 1
Boxes		337 0		
Costs				
Farm Maintenance	$ 229.2	$ 81.8	$ 311.0	133.2
Purchase Cost	.4	—	.4	—
Overhead (Excluding Depree)	74.0	26.3	100.3	30.1
Variable Expenses				
Taxes	7.6	2.6	10.2	4.6
Company Railway	22.7	8.0	30.7	13.3
Harvest and Picking	304.6	94.4	399.0	178.5
Transp. Paid Others	930.8	208.9	1,139.7	54.2
Banana Loading	265.2	69.0	334.6	15.7
Export Duties	37.5	13.4	51.2	22.2
Bagging, Stringing, etc	90.8	—	90.8	03.8
Boxing	—	61.7	61.7	—
Depree. C.O Adj.	54.8	19.2	74.0	33.0
Totals	$ 5249.3	$ 2386.2	$ 7535.5	$ 3158.9
Weight per stem	66 #			66 #
Cwt shipped	1,248.7			732.9
Cost per cwt	$ 4.20			$ 4.31
Cost per box		$ 2.73		

Variable Expenses based on rates per 1973 Survey.

5.10.63

DX 573B

Further planting

1378A-1

1964		1965			1966		
Boxed	Total	Stems	Boxed	Total	Stems	Boxed	Total
	11,750			11,000			8,000
1,110.4	2,220.8	1039.5	1,039.5	2,079.0	755.0	755.0	1,512.0
1,332.0			1,299.4			943.0	
1351.3	2,702.5	1265.0	1265.0	2530.0	920.0	920.0	1,840.0
—	—	—	—	—	—	—	—
501.6	1003.2	501.6	501.6	1003.2	400.0	400.0	800.0
4.4	8.8	4.2	4.1	8.3	3.0	3.0	6.0
13.3	26.6	12.5	12.5	25.0	9.1	9.1	18.2
1526	3354	167+	1466	3140	1217	1066	2283
3426	8327	511+	3243	8357	2720	2354	6079
1144	2721	147.6	1071	2547	1074	779	1953
222	444	208	208	416	151	151	302
—	533	499	—	499	363	—	363
8750	8750	—	8191	8191	—	5958	5958
330.0	660.0	316.5	316.5	633.0	252.5	252.5	505.0
37152	76740	29926	35176	65145	23371	26159	49530
		66#			26#		
		686.1			499.0		
		4.37			4.48		
2.48			2.71			2.77	

1371A

Ecuador

		1963 Stem	1963 Boxes	Total	Stem
1	Acres planted				
2					
3	Investment				
4	Planting Costs				
5	General Facilities				
6	Total Investment				
7					
8	Average Acres				
9	Gros michel - Cocos			13,500	
10	valeries			—	
11					
12	Production in stems				
13	Gros michel - Cocos @ 189 P/F	1,891.9	269.6	2,541.5	1,110.4
14	valeries @ 333 P/F				
15	Total stems	1,891.9	669.6	2,541.5	1,104.0
16	cwt (stem form) = Boxes	1,248.7	637.0		732.9
17					
18	Operating Costs				
19	Farm maintenance	2,290.2	814.5	3,105.0	1351.2
20	Purchase Cost	7.4	—	7.4	—
21	Overhead (Excluding Depree.)	740.0	263.2	1003.2	501.6
22	variable Expenses				
23	Taxes	7.6	2.6	10.2	4.4
24	Company Railway	22.7	8.0	30.7	13.2
25	Harvest - Pickup	304.6	94.4	399.0	178.5
26	Transport Paid others	930.8	208.9	1139.7	546.3
27	Tenant hozding	268.6	69.0	337.6	157.7
28	Export Duties	37.8	13.4	51.2	22.2
29	Boxing, Stringing etc	90.8	—	90.8	53.3
30	Boxing	—	616.7	616.7	—
31	Depree - G.O. Adj	263.5	90.3	352.8	167.7
32		4,964.9	2,194.3	7,148.3	2,996.4
33					
34	Cost per cwt or Box	3.98	2.61		4.09
35					
36					
37					
38				DX 573B	
39					
40	5-10-63				
41					

1371 A-1

Plant 22,000 acres varieties

1964 Acres	Total	1965	1966	1967	1968	1969	1970	1971
		5 000	5,000	2,000	6,000			
		1,909.0	2,545.0	2,926.0	3,054.0	764.0		
		500.0	500.0	500.0	500.0			
		2,409.0	3,045.0	3,426.0	3,554.0	764.0		
	11,750	11,000	8,000					
	—	—	2,500	7,500	13,000	19,000	22,000	22,000
1,110.4	2,220.8	2,079.0	1,512.0					
			812.5	2,437.5	4,225.0	6,175.0	7,150.0	7,150
1,104.0	2,220.5	2,079.0	2,324.5	2,437.5	4,225.0	6,175.0	7,150.0	7,150
1,388.0		2,598.8	2,905.6	3,046.9	5,281.3	7,718.5	8,937.5	8,937
1351.3	2702.5	2530.0	2440.0	1800.0	3120.0	4560.0	5280.0	5,280
—	—	—	—	—	—	—	—	—
501.6	1003.2	1003.2	1250.0	1250.0	1300.0	1450.0	1500.0	1,500
9.4	8.8	8.3	9.3	9.8	12.9	24.7	28.6	28.
13.3	26.6	25.0	27.9	29.3	50.7	74.1	85.8	85
156.6	335.4	293.1	327.8	343.7	595.7	870.7	1003.2	1005
342.4	892.7	648.6	725.2	760.5	1318.2	1922.6	2230.8	2230
114.4	272.1	214.1	239.4	251.1	435.2	632.0	736.5	736
22.2	44.4	41.6	42.5	48.4	84.5	123.5	143.0	143
—	53.3	—	—	—	—	—	—	—
87.50	87.50	163.83	183.17	192.05	332.93	486.59	563.42	563.4
167.8	335.5	326.6	458.4	661.8	991.1	1350.8	1505.6	1505
3553.0	6549.5	6728.8	7356.2	7075.8	11241.6	15882.3	18152.7	18152
2.56		2.59	2.53	2.32	2.13	2.06	2.03	2.0

1372A

	1972	1973	1974	1975
Average Acres	22,000	22,000	22,000	22,000
Production in Stems	7,150	7,150	7,150	7,150
Boxes	8,937.5	8,937.5	8,937.5	8,937.5
Operating Costs				
Farm Maintenance	5,280.0	5,280.0	5,280.0	5,280.0
Overhead (excl. Deprec	1,500.0	1,500.0	1,500.0	1,500.0
Taxes	28.6	28.6	28.6	28.6
Company Railway	85.8	85.8	85.8	85.8
Harvest & Pickup	1,008.2	1,008.2	1,008.2	1,008.2
Transp. Paid Others	2,230.8	2,230.8	2,230.8	2,230.8
Banana Handling	73.65	73.65	73.65	73.65
Export Tax	143.0	143.0	143.0	143.0
Boxing	5,634.2	5,634.2	5,634.2	5,634.2
Deprec. & G.O. Adj	1,505.6	1,505.6	1,505.6	1,505.6
	18,152.7	18,152.7	18,152.7	18,152.7
Cost per Box	2.03	2.03	2.03	2.03

DX573B

1372 A-1

1975	1976	1977	1978
2000	19300	14500	9000
7150	63375	47125	2925
8737.5	79210	59406	36563
52300	46500	34800	21600
13000	14500	1400	12500
284	254	189	117
858	761	526	351
10052	8936	6645	4124
22505	19973	14703	9126
7205	6528	4854	3013
1430	1268	943	585
56342	49940	37135	23049
15056	13366	11186	8342
181527	162526	125021	82807
2.03	2.05	2.12	2.26

1373A

C.A.G Depreciation - 1966 life

	B.V. 12-31-62 Less Salvage	1963	1964	1965	1966
Structures	773	236	205	192	140
Related Farm Prop	1.690	516	449	420	305
Division Life Prop	1.009	283	252	252	222
Standard Life	1.293	109	109	109	109
	4,765	1144	1015	973	776
C.O. Res	- 1.665	- 400	- 355	- 340	- 271
	3,100	744	660	633	505

DX573B

137-PA

Plant in Investment

DX513B

C.A.G Depree - Planting 22,000 Acres

	Present Cultivations	Related Farm Drop	Division Life Drop	Standard Life	G.O. Reserve	New Planting	New Facilities	Totals
2.12.62	773	1896	1170	1472	-1665			3.246
1963	236	1185	732	92	-1629			3568
64	205	1185	732	92	-1532			3355
65	192	1185	732	92	-1491			3266
66	140	1185	732	92	-1328	1290	385	4584
67		1185	731	92	-890	3870	802	6118
68		1185	731	92	-890	6708	1257	9911
69		1185	731	92	-889	9804	1757	13508
70		1185	731	92	-889	11352	1757	15056
71		1185	731	92	-889	11352	1757	15056
72		1185	731	92	-889	11352	1757	15056
73		1185	731	92	-889	11352	1757	15056
74		1185	731	92	-889	11352	1757	15056
75		1185	731	72	-889	11352	1757	15056
76		1185	731	92	-889	10062	1757	13766
77		1185	731	92	-889	7482	1757	11186
78		1185	731	92	-889	4652	1743	8342
								16840

13754

DX5138

R. P.-10

1376 A

T.V. Acreage

1963	13,500	189 stems per acre
1964	11,750	
1965	11,000	
1966	8,000	

No of Boxes

		up 2000
May	70,000	84,000
J	80,000	96,000
J	60,000	72,000
A	60,000	72,000
S	100,000	120,000
O	80,000	96,000
N	100,000	120,000
D	100,000	120,000
April Period		57,000
		837,000

1964, 5 + 6 - 50% of stems shipped stem form
50% — — Boxed

DX 513B

1377A

Valery Planting to 22,000 acres (10 years)

16,000 acres @ $550 (average $504.)

6,000 " " 400

Planting schedule

65. 5000

66 5000

67 6000

68 6000

All boxed starting in 65 (50% before this)

Same IRCA Freight

Valery @ 325 P/A

DX513B

DX 589

ANALYSIS OF DX546a, DX546b and DX34

Guatemala West

	1955			1956			1957			1958		
	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile-New Or.
Price	$6.81	$7.03	$7.03	$6.22	$6.49	$6.49	$6.10	$6.87	$6.87	$6.01	$6.23	$6.23
Delivered Cost	5.38	5.13	5.03	5.39	5.14	5.04	5.76	5.51	5.41	5.98	5.73	5.63
Profit or (Loss)	$1.43	$1.90	$2.00	$ .83	$1.35	$1.45	$ .34	$1.36	$1.46	$ .03	$ .50	$ .60
Volume (thousands of stems)	587	21	1,906	287	35	1,890	294	7	1,201	1,008	9	1,365

	1959			1960			1961			1962		
	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile-New Or.
Price	$5.88	$5.94	$5.94	$4.55	$4.40	$4.40	$4.20	$4.64	$4.64	$4.98	$4.76	$4.76
Delivered Cost	5.97	5.72	5.62	4.94	4.69	4.59	4.75	4.50	4.40	5.84	5.59	5.49
Profit or (Loss)	($ .09)	$ .22	$ .32	($ .39)	($ .29)	($ .19)	($ .55)	$ .14	$ .24	($ .86)	($ .83)	($ .73)
Volume (thousands of stems)	856	40	316	1,735	150	1,192	942	210	870	238	2	83

	1963		
	NY-Balt.	Charleston	Mobile-New Or.
Price	$4.53	$5.02	$5.02
Delivered Cost	5.13	4.88	4.78
Profit or (Loss)	($ .60)	$ .14	$ .24

DEFENDANT'S

MAR 1 1 1974 DX 589

DX 589

ANALYSIS OF DX546a, DX546b and DX 34

Ecuador

	1955			1956			1957			1958		
	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile-New Or.
Price	$6.35	$6.80	$6.80	$5.11	$6.25	$6.25	$5.29	$6.17	$6.17	$4.02	$6.34	$6.34
Delivered Cost	4.45	-	4.34	4.60	-	4.49	4.72	4.57	4.61	5.28	-	5.17
Profit or (Loss)	$1.90	$ -	$2.46	$ .51	$ -	$1.76	$ .57	$1.60	$1.56	($1.26)	$ -	$1.17
Volume (thousands of stems)	2,487	-	2,133	1,640	-	2,135	1,858	94	2,009	233	-	2,182

	1959			1960			1961			1962		
	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile-New Or.	NY-Balt.	Charleston	Mobile New Or.
Price	$4.06	$5.08	$5.08	$4.31	$4.47	$4.47	$5.33	$5.01	$5.01	$5.90	$5.16	$5.16
Delivered Cost	4.97	4.82	4.86	4.90	4.75	4.79	4.89	4.74	4.78	4.74	4.59	4.63
Profit or (Loss)	($ .91)	$ .26	$ .22	($ .59)	($ .28)	($ .32)	$ .44	$ .27	$ .23	$1.16	$ .57	$ .53
Volume (thousands of stems)	1,037	282	2,304	1,629	201	3,018	2,089	80	3,666	2,515	100	3,277

	1963		
	NY-Balt.	Charleston	Mobile-New Or.
Price	$5.16	$5.20	$5.20
Delivered Cost	4.81	4.66	4.70
Profit or (Loss)	$ .35	$ .54	$ .50

RECEIVED
OCT 11 1963
J. H. RODDY

1380A

MEMORANDUM

October 10, 1963

Mr. J. H. Roddy:

We refer to your letter dated October 7, concerning projected operations of the Bananera Division - 1963 through 1971.

We note that your production estimate for Valery bananas is based on 325 stems per acre. Some time ago it was decided to use an estimate of 400 stems per acre until such time as actual production figures were available.

Regarding the other figures, if you will provide us with your source of information we will be glad to check them out.

We are now in the process of preparing a 10-year analysis of Bananera operations based on increasing Valery plantings to bring this Division up to a level of 10,000 acres per year of all types of bananas. When this project is completed we will forward you a copy.

A. E. Carpenter

CC Mr. R. O. Miller

DEFENDANTS
MAR 11 1974
Dx 60A

fidential. Prepared at the quest of counsel
use in connection with compliance with the
ment entered in the United States District
t for the Eastern District of Louisiana –
ted States of America v. United Fruit Compa
. No. 4560.

1381A

October 7, 1963

Mr. A. E. Carpenter
Mr. R. O. Miller

Gentlemen:

Attached for your scrutiny you will find a projection we have prepared covering the Bocamara Division for the years 1963 through 1971. Please note that our production estimate for Valery bananas is based upon 325 stems per acre, which we believe to be a definite minimum figure for per-acre production of this variety.

We will appreciate your opinion as to whether or not this projection, which is intended for Consent Decree purposes, is realistic.

(SIGNED) J. H. RODDY

attachment

DEFENDANT'S
MAR 11 1971
Dx 605

BANDERA (GUATEMALA EAST)

1382A

PRESENT STATUS

Acres in Bearing	8,347	Gros Michel and Cocos
Acres Planted	1,109	" " "
Acres to plant this year	470	Valery

DEVELOPMENT PROGRAM

To Plant:	1963	470	acres Valery
	1964	3,500	" "
	1965	3,500	" "
	1966	3,500	" "
	1967	1,529	" "
	1968	1,528	" "
	1969	1,073	" "
Total		15,100	acres Valery

Expected life	Over 10 years
Expected annual production	325 stems per average acre-minimum
Expected boxes per stem	1.8
Expected boxes per acre per year	585 minimum

ACREAGE STATUS 1962-1971

	Mature at Start	Brought to Bearing	Abandoned	Mature at Year End		
1962				8,347		
1963	8,347	1,109	800	8,656		
1964	8,656	470	1,216	7,910	Valery	(470)
1965	7,910	3,500	870	10,540	"	(3970)
1966	10,540	3,500	1,100	12,940	"	(7470)
1967	12,940	3,500	1,340	15,100	"	(10970)
1968	15,100	1,529	1,529	15,100	"	(12499)
1969	15,100	1,528	1,528	15,100	"	(14027)
1970	15,100	1,073	1,073	15,100	"	(15,100)
1971	15,100	0	0	15,100		

PRODUCTION 1963-1971

	Stems			Boxes		
	Gros Michel	Valery	Total	Gros Michel	Valery	Total
1963	2,200,000		2,200,000	3,960,000	0	3,960,000
1964	2,000,000		2,000,000	3,600,000	0	3,600,000
1965	1,600,000	1,000,000	2,600,000	2,880,000	1,800,000	4,680,000
1966	1,300,000	2,000,000	3,300,000	2,340,000	3,600,000	5,940,000
1967	1,200,000	3,100,000	4,300,000	2,160,000	5,580,000	7,740,000
1968	800,000	3,900,000	4,700,000	1,440,000	7,020,000	8,460,000
1969	400,000	4,400,000	4,800,000	720,000	7,920,000	8,640,000
1970	100,000	4,800,000	4,900,000	180,000	8,640,000	8,820,000
1971	0	4,900,000	4,900,000	0	8,820,000	8,820,000

Confidential. Prepared at the request of counsel for use in connection with compliance with the judgment entered in the United States District Court for the Eastern District of Louisiana — United States of America v. United Fruit Company, C.A. No. 4560.

JX 605

BANANERA (GUATEMALA EAST)
(continued)

1383A

COST TO DEVELOP

1963	$ 450,000
1964	2,100,000
1965	2,100,000
1966	2,100,000
1967	840,000
1968	840,000
1969	640,000
1970	150,000
TOTAL	$ 9,220,000

PLACED ABOARD AT BARRIOS

1963	$ 2.07 per box
1964	2.23 " "
1965	2.04 " "
1966	1.95 " "
1967	1.80 " "
1968	1.74 " "
1969	1.71 " "
1970	1.67 " "
1971	1.61 " "

Boston - 4/25/63

ntial. Prepared at the request of counsel
e in connection with compliance with the
nt entered in the United States District
for the Eastern District of Louisiana -
States of America v. United Fruit Company,
o. 4560.

DX 603

MEMORANDUM

30/37

Px 4 for identification 1384A

June 15, 1960

The decision to commit no further capital funds for the production of bananas in Honduras and Guatemala brings sharply into focus the necessity of evaluating for balance sheet purposes the remaining investment which we have in those areas.

With the rapidly declining production in these areas and the decision to commit no further funds to maintain production at an economic level unless and until many of the problems currently being worked on by the Research people are solved and which at this writing seems so unlikely for at least the foreseeable future, it is necessary that a realistic appraisal of the remaining value of our present undepreciated investment be made.

We are endeavoring now by hindsight to establish a proper utility life on the present remaining investment based on what we now know to be the outlook for the future. In effect, this amounts to a correction of the depreciation absorbed on assets presently in existence.

To arrive at the amount of the adjustment necessary would involve the shortening of the lives presently assigned for depreciation purposes to what now appears to be the economic life of the Division based on the decision mentioned in the first paragraph of this memorandum. For example, the life of the general facilities of the Tela Railroad are presently set at 1971, this being the date that our concession with the Honduras Government expires. The present projection for the future of Honduras shows that present cultivations will either cease to be commercially profitable on a strictly cash basis or abandoned in 1964. If it had been possible to set a life of 1964 when these investments were made rather than 1971, the accumulated depreciation would have

31/37 PX4 for id. 1385A

produced a certain figure. The amount by which this figure differs from the actual depreciation accumulated could be said to represent the amount by which depreciation taken in previous years was inadequate, based on present knowledge. The difference between these two figures would be the amount of write-off which should be considered.

The advantages and disadvantages of making such an adjustment should be considered.

One of the immediate results of the action contemplated is the obvious one that present and future operations would be relieved of depreciation charge which, unless some such adjustment is made, would be charged against current profits without a corresponding revenue producing activity to absorb this depreciation. This immediately gives rise to the question as to what the future economic value of these properties will be, when and as commercial banana production ceases. We cannot do, as a number of other companies have done, merely take a write-off because we are either (1) disposing of the properties or (2) abandoning the properties. Rather, our situation is one dictated by the necessity of giving accounting effect to a decision made by the Management and Directors. Through our Diversification studies and the activities of our Research Department, we are endeavoring to evaluate possible uses of these properties for other than bananas. This of necessity must be a long-range program, the results of which at this time cannot be predicted with any degree of accuracy, so much so, that it should not be a factor in arriving at the decision to make the adjustments herein contemplated.

As to the disadvantages, the political repercussions that such action might entail not only in the countries herein mentioned but

32/37 PX4 for id. 1386A

throughout the area where we operate can be expected to be quite severe. Perhaps this is more related to the decision not to commit any more funds in these areas with a gradual attrition of operations which in turn would involve labor, etc. This again should have no bearing on the decision to proceed with the adjustment.

Although only Honduras and Guatemala have been mentioned in this memorandum, a similar adjustment is indicated in the case of Almirante, although perhaps on a little different basis in view of our continuing interest in that area for the production of Lacatan bananas.

If such an adjustment were made, it would, of course, be necessary to spell out the reasons for it more or less completely in our Annual Report to stockholders. So far as we know, there is nothing that would preclude us from making an adjustment of this kind as a matter of business judgment.

Without approving the details of the foregoing, the opinion of the accountants is that there is nothing in the principles of accounting which would deny a company the right to correct its depreciation practices, based on hindsight. The burden of justifying the change is the responsibility of the officials of the Company and any material change in depreciation should be disclosed. It is their opinion that given the circumstances mentioned in the first paragraph of this memo, an adjustment of the type herein discussed would be mandatory.

(signed) L. S. Sisto

1387A

3747

PX 10
for id.

COMPAÑIA AGRICOLA DE GUATEMALA
Office of the Manager

Tiquisate, Guatemala
November 15, 1950

PERSONAL

Mr. R. C. Miller
Boston, Massachusetts

Dear Mr. Miller:

I refer to my copy of Mr. P. R. Smith's personal letter to Mr. Sunderland dated November 3rd regarding boxing projects for the various divisions.

I cannot agree with Mr. Smith's observation that a box plant in the vicinity of Bananera would be feasible for both divisions. If any large quantity of fruit is produced by our Company in Guatemala, it would probably come from the West Coast, where we have large acreages of virgin lands.

If boxed fruit is shipped from West Coast ports either from Champerico or Tiquisate (it is believed that a relatively cheap cable or belt system could be developed for conveying boxed fruit from land to a ship 1500 feet away by building towers from land to nest of pilings at loading pier), the boxes should be made in the Tiquisate area to avoid unnecessary freight from Barrios.

Mr. Smith also states in the last paragraph of his letter that he could not recommend a box plant in Guatemala, unless a decision is made to increase production through a variety program. This division can produce up to 20 million stems of Gros Michel, including Cocos bananas very cheaply if shipments are made through West Coast ports; therefore, a decision to establish a box plant should not be dependent upon a decision to plant variety bananas. Some of our banana farms are 25 years of age, and we would expect the average life of any new areas of Gros Michel to be 15 to 20 years.

Yours very truly,

J. R. Silver

cc: Mr. R. A. Holcombe

PX 315
for id.

MEMORANDUM

1388A

June 11, 1963

MR. T. E. SUNDERLAND:

Corinto Fruit to the West Coast - Regarding your memo of June 3, 1963

The attached memorandum outlines the rationale of the factors involved in shipping Corinto Fruit to the West Coast from the standpoint of Company Economics. The conclusions reached may be summarized as follows:

1. Under current conditions, 10,000 total boxes of Corinto Fruit with about 20% "Specials," this volume of fruit could move to the West Coast and save the company at least some of the additional steamship costs. This would mean converting the intermountain area to essentially 100% Corinto Fruit.

2. Under conditions existing a month ago, 20,000 total boxes of Corinto Fruit with about 65% "Specials," the market impact of low quality fruit in a strictly high quality market can reduce revenue sufficiently to offset the steamship savings.

3. Estimates for Corinto production in future months are for 25,000 boxes per week and higher. Depending entirely on the quality level of this fruit, the results are not clear. If past performance of Corinto is typical, most likely any savings in steamships may be lost in sales revenue.

4. It would hardly be feasible from a sales standpoint to shift customers back and forth from Corinto to Golfito on a weekly basis depending on the above conditions of volume.

Possible alternative actions for shipping Corinto Fruit to the West Coast on a regular basis.

1. Limit Corinto shipments to a maximum of 12,000 boxes with 20% "Specials" as long as the Corinto quality levels remain as in the recent past.

PX 35
for id. 1389A

1525

2. Whenever Quality Control and Production can provide assurance with responsibility that the quality level of 1st Class Corinto boxes will meet 1st Class specifications and equal the quality of the other fruit for these markets, increase the volume over 12,000 boxes. The additional boxes could then be sold directly into the coastal markets without jeopardizing the market structure.

3. Reappraise the logic of present and past company philosophy whereby the West Coast markets have been maintained as a high quality, relatively high priced market. This condition being maintained by relative stability in price, volume being adjusted to some degree to hold price levels, and stability of quality of fruit sold. The Western Division market has historically had this option while the Central and Eastern Divisions have absorbed the fluctuations. If this philosophy is altered for either short run or long run views, the answer to the problem becomes clear cut.

K. E. Kinsinger

K. E. Kinsinger

mg

Attachments

CC Mr. W. J. Hoelle
Mr. J. A. Kehoe

11/34
PX 42
for id.

1390A

1513

REC'D BY

OCT 25 1963

October 24, 1963

J. M. FOX

✓Mr. J. M. Fox
Mr. R. O. Miller:

Reference is made to your memo of August 26, 1963, with respect to the sale of the Good Hope and Goschen lands.

I agree generally with your recommendations but I believe we should insist that the Company have first refusal rights on the banana and palm oil grown on these lands for the first five years of commercial production following the date of transfer of the lands, regardless of when the planting occurs. With respect to the cacao, we should insist on having the first refusal to purchase the cacao at the price which is offered to other bidders.

With the inclusion of the two provisions contained in the preceding paragraph, your recommendations of August 26 are approved and you may proceed.

If you believe I have put in requirements which are too burdensome or which mean little or nothing to U.F.Co., please discuss with me again.

Thomas E. Sunderland

cc: Mr. V. C. Folsom
Mr. A. E. Carpenter

Px 66
for id.

P-4-G.
-xP-5

1391A

GUATEMALA
TIQUISATE DIVISION

Because of the long expensive railroad haul of bananas to Barrios and its history of severe losses due to windstorm, the chances of our realizing profits from bananas here under present conditions are very remote. However, because of the large areas of good land available on this coast which are of potential danger to our West Coast markets in the United States if a port is built on the Pacific, we propose to make every effort to retain our good banana lands. Company lands not in bananas will be utilized by us for pastures, or will be leased for cotton growing or pastures to local farmers. There is also a possibility that tomatoes can be profitably grown here for the winter market on the West Coast of the United States, and this will be investigated.

In recent weeks we have begun to reduce the personnel in this division and to date 701 employees have been released. However, to reduce to a bare minimum of employees with resultant low costs, it will be necessary to convert to a 100 per cent Associate Producer program and plans are now being formulated for this. Given below are the plans for the first 6,000 acres.

These Associate Producers will be selected from Farm Superintendents and other outstanding agriculturists who will be released by the Company when the farms are leased. The Company will lease land, cultivations, buildings, and installations with the exception of irrigation pumping plants and Sigatoka control plants to private growers for a period of five years with provision to extend to additional periods if mutually agreeable. The Associate Producers will be financed by the banks. They will pay the Company $.25 per stem rent. The Company buys the bananas on a sliding scale calculated on basis that growers' earnings will increase as production increases. Because the Associate Producers can pay lower labor rates, it is estimated that the "primary costs," including maintenance, harvesting, pickup expense and disease control, will be $1.24 per stem as compared with $1.84 if operated by the Company. In other words, the fruit will be produced $.60 per stem cheaper by the private growers.

Along with the leasing of these cultivations an effort will be made to lease the hospital to a group of private doctors or some agency of the Government.

R. O. Miller

JUN 24 1960

PX 145 for id. 1392A

Guatemala City, April 1st, 1947.

Mr. Bradshaw:

A On March 31st Mr. John Miceli, Vice President of the Standard Fruit & Steamship Company, New Orleans, called to see me with a Mr. Smith also of Standard Fruit.

Mr. Miceli stated that they had been investigating the movement of independent bananas from Guatemala and were thinking of making some arrangements to handle Guatemala bananas themselves, without in any way interfering with the business of the United Fruit Company or doing anything that would be inconvenient to the U.F.Co. and, for that reason, he and other Executives of the Standard Fruit had already discussed the project with Mr. Samuel Zemurray in New Orleans and, I believe, with Mr. Taillon as well. A Mr. Miceli had complete information as to the shippers, consignees, quantity of fruit being handled, etc., and added that the three largest boats in the service of the Suwanee Fruit & Steamship Co. - the TRAXTON, WHIPPLE and WORDEN - were formerly Standard Fruit boats which they turned over to Suwanee. Mr. Miceli did not make any definite statement regarding their entry into this business but he had secured complete information regarding depth of water at Barrios for the different sizes of his ships. He asked if the $130.00 per car rate, plus our port charges, would be made available to his company and also if we would do for his company just what we are now doing for other independent shippers of fruit. To these questions, of course, I replied in the affirmative and pointed out that we were treating all independent shippers exactly alike.

B Mr. Miceli then said that if satisfactory arrangements were made with the United Fruit Company, the Standard might eventually go into the general cargo business to Barrios and bring in some freight on their banana steamers. B He said that this probably was a long way off but that he was getting complete information so that, if satisfactory arrangements were made, their General Traffic Manager, Mr. Pratt, could come down here and make an arrangement with the I.R.C.A. He told me also that Mr. Salvador D'Antoni, who is President of Standard Fruit, might accompany him here on his next trip, which he expects will be about the middle of April. Today, April 1st, Mr. Miceli and Mr. Smith left by plane for La Ceiba, Honduras.

C My impression from this conversation was that inasmuch as a large quantity of independent fruit is available and in view of the fact that the Standard needs more fruit, Mr. Miceli felt that he might as well buy up and ship out this independent fruit on a well organized basis instead of its being handled as it is at present. He also said that on his next visit, and always provided that everything is satisfactorily arranged with the United Fruit Co., he would want us to consider the installation of one banana conveyor or perhaps two on our Barrios pier. C I told him it seemed to me that this might be a difficult thing to work out due to the lack of space on our cargo side of the pier, and he said there was no particular rush about this feature but that perhaps by means of a belt to a conveyor placed on the outside end of the pier that such an operation might be feasible.

D This gentleman impressed me very favorably, inasmuch as he was very careful to point out that the United Fruit Company would be kept fully informed of anything and everything he did in connection with this matter. D

PK:amc

Porter King.

PX 146
for id. 1393A

MEMORANDUM

Mr. W. L. Taillon:

As I have informed you verbally, Mr. Porter King and I have had several conversations with representatives of the Standard Fruit & Steamship Company in regard to shipment of bananas from the west coast through Puerto Barrios. We had a long conversation with Mr. John Miceli again this morning, when he informed us that his company has definitely decided to commence shipments immediately. Mr. Miceli stated he has cabled for a Mr. Haros, one of their employees at present in Jamaica, to come to Guatemala at once to handle the business.

Mr. Miceli first of all asked what we could do for him in connection with the freight rate and I informed him emphatically that we could not, under any circumstances, make any reduction. I explained that our present rate is very reasonable and, if anything, should be increased in view of the tremendous increase in expenses which has taken place in the last two years, and that we are faced with still further increases in payrolls on account of the Labor Code.

Mr. Miceli then explained that he wished to load the SAINT MARY in Barrios every ten days, for which he would require 54 to 56 cars. He has made no definite arrangements for the purchase of this fruit, except that he has discussed the matter with don Antonio Ramirez, who at the present time is shipping bananas on the MIZPAH and one other small boat, for which he has approximately 18 cars every ten days and a few additional cars when it is possible for the Railway Company to furnish same.

I explained the Railway Company's position at the present time with regard to the furnishing of cars, pointing out that, on account of the scarcity of equipment and the terrific volume of traffic we are now being called upon to handle, we have had to place our car distribution for banana exporters on a quota basis, allotting so many cars per day to these exporters and distributing same amongst them in the most equitable manner we have been able to devise. I explained very carefully to Mr. Miceli that we are satisfied that the number of cars being furnished is sufficient to take care of the production. I also informed him that the Fruit Company's bananas from Tiquisate have also been placed on the same basis as the outside shippers, that is to say, so many cars per day regardless of shipping requirements from one day to another

I informed Mr. Miceli that, in view of these conditions, I did not see how the Railway Company could possibly furnish him with cars until the present critical situation was behind us; for the reason that, in order to give him any cars, we would have to take them away from present exporters, who have been in this business for some considerable time. If we did this, there would be a storm of protest and present exporters would undoubtedly appeal for help to the government and this would not help the Standard Fruit & Steamship Company. The small number of cars allotted to Ramirez is totally inadequate for Miceli's requirements.

During our conversation Mr. Miceli mentioned that his steamer would be able to help out with the freight situation in Barrios, mentioning specifically coffee, but undoubtedly he has in mind bringing freight southbound. However, he came in to see Mr. Porter King, while I was out of the office, and informed Mr. King that, as regards freight business, he wished first of all to get his banana business established and that he would not consider going into the freight business until he had made suitable arrangements with the Traffic Department of the United Fruit Company. He indicated to Mr. King that he hopes to secure some sort of pooling arrangement with the United Fruit Company with regard to the handling of freight.

May 13th, 1947.

PX 216
For 12.

1394A

330
354.1
700.01

Personal & Confidential

Guatemala, February 5, 1961.

Dear Mr. McGovern:

In connection with my Personal & Confidential letter of January 31, 1961, regarding the Washington "operation" relative the purchase of the I. R. C. A., I have been told that:

1. The Guatemalan Ambassador to Washington, Mr Carlos Alejos, approached the State Department for a grant of sufficient quantity to purchase the I. R. C. A. stock now held by the Fruit Company; that the Representatives of the Fruit Company go to Washington every other week and are around about all the time but have not yet said definitely what they want - gives the impression that it is some sort of a "cute plan" by Fruit Company to get "something" without saying "what". I was not informed who originated this present idea, whether Boston, Guatemalan Ambassador in Washington, Fruit Company contacts here through Guatemalan Government people here, or, perhaps Robert Alejos, or someone else here.

2. State Department (D.L.F.?) not much impressed, convinced, interested. Grant request placed way down near the bottom of list; in quandry re possible precedent such a grant could create with other peoples'/ countries' requests of a similar nature - economically, financially, politically, friendship, aid, etc.

   (A thought: Perhaps all this could be gimmick to confuse I. R. C. A. dieselization plan and loan request; connected with Fruit Company mentioned idea re turning over/renting properties in Tiquisate to workers or Guatemalan Government; consent decree matter.)

3. D. L. F. (State Department) apparently waiting for Ripley liquidation but evidently more than a little interested in our dieselization plan/ loan question.

4. What is Fruit Company actually planning or going to do with their Tiquisate bananas, other properties, etc., as this would no doubt affect I. R. C. A.'s operations, number of diesels needed - Fruit Company has not told Mann, D. L. F., State Department what, when, how, etc.

5. I. R. C. A., if Fruit Company does not continue present set-up for Tiquisate operation, may perhaps have to restudy dieselization plan and resubmit request for loan - depending on what Fruit Company finally decides to do and does.

The above was given to me in complete confidence with the understanding that it would not be repeated. I do not know if our Embassies in Guatemala and Salvador know anything about this matter. I am supposed to be given further information on the above numbered points shortly after February 13.

From another source I was informed that Fruit Company/Grace & Company have some deal on, or being considered, regarding the Honduras properties of Fruit Company, maybe others in other places also.

HWH

Px #22 for id. 1395A

3344

MEMORANDUM

ref 11-25

October 7, 1960

Mr. Sisto:

Earlier this week, Mr. Sunderland mentioned to me the possibility of shipping fruit from the Tiquisate region of Guatemala from some port or other location on the west coast of Guatemala to the west coast of the United States. I think the reason that he mentioned this was that he felt that the shipping problems would be minimized with the advent of boxed fruit.

He pointed out that we have been hesitant to consider shipments from the west coast of Guatemala for fear of opening up the United States west coast market to others, but that Standard is already shipping to Los Angeles, and it seemed likely to him that they or others will continue in that market.

He mentioned the possibility of some minimum-cost private installation involving a conveyor belt to an anchorage for the loading of boxes, thereby avoiding the necessity of expensive public port facilities. I understand that the sea runs rather high on the west coast of Guatemala, and I am not sure that such an installation might be practical. I believe that there is a restriction placed upon us in our agreements with the I.R.C.A. which prevents us from shipping from the west coast of Guatemala for a year or so.

Mr. Sunderland felt that we should give the shipment of boxed fruit from the west coast immediate consideration since it is possible that competitors may seize upon this basic idea, and he felt that we should be ahead of them in our thinking at least.

On talking with Mr. van Diepen, I understand that Mr. Simms has recently made for you a study of this entire matter; therefore, I suggest you may wish to pass a copy of it along to Mr. Sunderland.

F. Moore

F. Moore

cc: Mr. T. E. Sunderland
Mr. R. O. Miller

125/147

PX 553 for id. 1396A

Fox

long range 1964

MEMORANDUM

September 25, 1961

Mr. J. R. Herbig:

Five Year Forecasts

The following are estimated prices based on the volume estimates obtained from your section. Based on those figures we may expect price levels somewhat as follows:

	Unboxed		Boxed	
	Gros Michel	Varieties	Gros Michel	Varieties
1962	5.40	4.75	8.00	7.50
1963	5.55	4.90	8.30	7.80
1964	5.75	5.10	8.50	8.00
1965	5.75	5.10	8.50	8.00
1966	5.70	5.05	8.45	7.95

The volume estimates if they materialize indicate that United Fruit will be maintaining a market position of 65 to 67% of total United States and Canada imports. This position is high in terms of past history and likewise a depressant on our price structure. These estimates also include the supposition that our imports from Ecuador will increase nearly three times from 1962 to 1966. This further means that competitors will not be able to increase their imports from Ecuador in this period based on the latest estimates of Ecuador production. Any adjustments made in the volume figures should ultimately be made in the prices.

The estimates shown for varieties and boxes primarily reflect a differential from the Gros Michel stem prices because past history is so short that it offers a rather inadequate base to start analysis. It appears logical that as varieties become more important in the total that the differential may narrow. Conversely, as boxes become the major factor in selling bananas over time, the differential from stems may be expected to widen.

These estimates reflect the A. D. Little pricing formula and their estimates of Ecuador productions based on Mr. McPhersons studies.

K. E. Krueger

CC: Mr. J. M. Fox ✓
Mr. A. B. Carpenter

121/147

- PX554
- for id.

1397A

From the desk of
ALBERT E. CARPENTER

Jack Fox

O.K. KEK

Very good memo - will arrange to have K.E.K. sit in @ future L.R.O. meetings.

AC

122/147
PX 554
for i2.

MEMORANDUM

1398A

REC'D BY
SEP 29 1961

September 28, 1961

Mr. J. M. Fox:

J. M. FOX

Long Range Estimates

In my very short and superficial exposure to our long range planning efforts, it seems that we do not give enough recognition to rather wide passible ranges of developments. It seems that the nature of the business is one of rather sharp and frequent changes. Consequently, by basing plans on our given set of conditions today, we find that one small change anytime thereafter then requires a complete reappraisal of the entire plan leading to confusion. I believe these plans could be so made that when a change occurs it would be a matter of shifting over to another set of well defined alternatives rather than resorting to the time consuming process of reworking the entire plan. A very recent example is the introduction of Turbo. This was considered a rather small change since it did not affect the United Fruit Company over-all supply because Ecuador volume was decreased by a comparable amount and the Ecuador volume was unrealistic in the first place. However, by 1966 the volume anticipated from Turbo could be equivalent to nearly 10% of the U.S. supply and this could decrease prices by around 50¢ per cwt. Considering United Fruit Co. volume at 50¢ per cwt. means something approaching $15 million difference in gross income.

I know numerous people are working in this area and, so far, I have not dug too deeply into the mechanics. I have a feeling, however, that we rely too heavily on per unit figures rather than using total dollar figures and adequately breaking them out between Fixed and Variable Costs. For future planning procedures, a general plan something as follows may be considered:

A. General world production and consumption patterns with passible future trends.

B. Western Hemisphere production and consumption patterns with anticipated future trends.

1. U.S. and Canada consumption levels, determine alternative consumption levels and the expected price at various levels.

2. Europe and other areas of consumption supplied from the Western Hemisphere and range of consumption levels with associated prices.

3. Consumption trends in banana producing countries.

4. Total production potentials in Central American countries and off-shore island countries at various price levels.

(a) United Fruit Co.
(b) Competitors

123/147
PX 554
for id.

5. Total production potential in South America by producing countries at various price levels.

   (a) United Fruit Co.
   (b) Competitors

The above is a general over-all starting base. After determining the alternative consumption levels with related price levels in the countries where United Fruit will sell its production, United Fruit should establish its goal or desired trend in proportion of total consumption they expect to supply in the various consuming countries. This procedure will establish general production levels that the Company should aspire to achieve. Based on this analysis then the problem becomes one of determining where the desired volume can be most economically produced. For this procedure rather detailed analysis of alternatives for each producing division is necessary. In general terms the procedure may be something as follows:

A. Capital now invested

   1. If production is expanded, what additional capital investment is required for different rates of expansion?

   2. If production is reduced, what amount of capital can be recovered for alternative uses for different rates of reduction.

B. Fixed Production Expenses

   1. Total $ of fixed overhead including:

      (a) Supervisors' salaries, etc.
      (b) Fixed costs of facilities and equipment
      (c) Other misc. expenses

   2. Possible fixed expenses in railroad or telephone or other such costs.

   3. Possible changes with size of plantation.

C. Variable production expenses

   1. Total $ per acre or other unit of production area including:

      (a) Fertilizer, spray, etc. plus labor cost of application
      (b) Irrigation or drainage plus labor costs
      (c) Equipment repair costs
      (d) Other supply and material costs
      (e) Labor cost
      (f) Other misc. costs

   2. Total $ per acre or other unit of production area to start new area including A through F as in 1. Also seed cost.

D. Variable Harvesting Expenses

   1. Costs per unit harvested per stem or per cwt. including:

      (a) Labor

124/147
PX 554
for id.

(b) Supplies and other material cost
(c) Equipment repairs
(d) Other misc. costs.

The yield per acre or unit of production should be determined in terms of cwts. This times the acres in production should be done to obtain over-all production volume. Blowdown and other loss experience may then be applied in order to determine the relative cost of losses between divisions. The volume available for harvest and ultimate shipment should then be determined and multiplied by the unit harvesting costs to obtain a total $ figure. A summation of all total $ figures can then be made in order to obtain a per cwt. cost of fruit available for shipment. After these figures are obtained costs of loading on boats, ocean freight, unloading and wharfage, selling expense and general overhead expense can be applied for each division to obtain final total costs. At this point further analysis is necessary on price differentials between the fruit from the different producing divisions to help formulate plans within and between divisions.

So far, I have not determined how closely such a program has been followed but it seems doubtful from the general appearance of various figures that this type approach was used. In each section of the above it would seem desirable to have a logical range of alternative conditions. For example, price levels at 18,20 and 22 pounds per capita banana consumption in the U.S. Also, Honduras costs if acreage expanded, held constant, or reduced using Gros Michel or Varieties, etc. Undoubtedly much of this has been done in the past but not coordinated into the over-all plan.

R. E. Linsinger

PX 579 1401A
for id

UNITED FRUIT COMPANY - GUATEMALA DIVISION

Mr. Geo. Howard
any comments?

Bananera, Guatemala
July 13, 1961

Mr. R. A. Holcombe
Puerto Armuelles, Panama

Dear Mr. Holcombe:

During your recent visit you authorized me to approach Mr. Haase with the proposal that IRCA take over our banana loading and cargo handling at Puerto Barrios. Since our discussion we have obtained copies of invoices from confidential sources showing charges made by IRCA to Standard Fruit Company for loading fruit in Puerto Barrios and in view of the indicated excessive expense, we may wish to re-consider our position.

IRCA charges Standard a switching fee in Barrios equal to $0.15/100# of fruit. Weight is determined on the premise that a stem is 75#. To the switching expense is added the IRCA payrolls including 43% surcharge to cover social benefits. Incidently, the UFCO applies 31.4% to payrolls to cover minimum prestaciones when work is done for third parties, except IRCA is charged 48-1/2%. This is a reciprocal agreement as they charge UFCO the same percentage to cover prestaciones.

Ship "Bonita" loaded June 2nd., 13,695 stems equal to 1,027,125 lbs. (75 x 13695).

Switching -	$ 1540.69	per Stem .1125
Loading -	$ 3038.19	per Stem .2218
Total	$ 4578.88	per Stem .3343

Ship "Eros" loaded June 9th., 11,340 stems equal to 850,500 lbs. (75 x 11,340).

Switching -	$ 1275.75	per Stem .1125
Loading -	$ 2226.69	per Stem .1964
Total	$ 3502.44	per Stem .3089

Loading expense includes 43% surcharge for prestaciones. Payrolls for "Bonita" loading indicate more overtime than for "Eros".

Our estimated labor expense to load fruit year 1961 is $0.1245 per stem, current rate through June is $0.1076. Total for year including salaries, stevedoring, conveyor maintenance, cleaning wharf etc. is $0.1653, current through June $0.1420. We hope to

PX 579
for id.

Mr. R. A. Holcombe 1402A

July 13, 1961

further reduce this unit rate.

Assuming that our direct labor expense to load fruit remained at $0.12 and IRCA switching was not a factor of expense, the cost to load fruit would still be about ten cents more per stem than our expense. We recognize that Standard bananas are loaded through sideports and we have conveyors, but the cost differential is not justified.

The documents indicate that IRCA is loading Standard bananas at actual cost i.e. no apparent profit. The profit may be in switching as 55 cars for "Bonita" is $28.01 and 45 cars for "Eros" is $28.35 per car respectively which is only $10.00 less than the cost of a carload of fruit from Bananera to Barrios including the switching i.e. $0.1533 x 250 or $38.00/car.

We must also consider the position that IRCA will take when this proposal is made and it will certainly be "What profit is there for us" as they will surely be reluctant to add e.g. 500 laborers to their payrolls with their (IRCA) higher wage scale unless there is a profit in the undertaking of this obligation.

It has always been my understanding that Standard pays $130 per car from West Coast including loading of fruit on ship. This assumption must be wrong, as the 55 cars for the "Bonita" cost Standard $83.25 per car to switch and load in Barrios leaving $46.75 per car for freight from West Coast. Cost per car for "Eros" was slightly less.

The purpose of providing you with the foregoing information is to offer the suggestion that instead of making a direct proposal to IRCA to take over our banana and cargo stevedoring in Barrios that possibly a re-negotiation of the entire banana freight contract should be considered which would include stevedoring in Barrios. This subject is complicated and requires much advice at a higher level.

I expect to see Mr. Haase next week and will at least obtain a reaction to the original idea of handling our stevedoring in Barrios. Kindly wire me prior to July 19th. if you have any further suggestion on this subject.

Very truly yours,

C. E. DeLawder

C. E. DeLawder

Copy to: Mr. R. O. Miller

Mr. Lister 8/3/61

PX 633 1403A
for id.

MEMORANDUM

July 6, 1962

Mr. B. O. Miller:

From the attachment entitled Economic Analysis - Compania Agricola de Guatemala, you will note that Mr. Fox has requested that this Department bring together the figures required in order that an analysis can be made of the economic feasibility of continuing or expanding agricultural operations at Tiquisate, coupled with the construction and use of a minimum private pier to be constructed at Concepcion del Mar. In the attachment, certain basic assumptions have been made in order to establish the limits which will control the figures to be developed. Comments are also made in the attachment with regard to the major items which would influence the over-all economy of a continuance of operations at Tiquisate.

It will be appreciated if you will criticize the correctness of any statements made or figures used. Of particular importance is a confirmation by the Division of figures which can best be secured from that source, such as:

Present gross weight of a fully loaded car of stem fruit as now being handled by the IRCA. This is needed for comparative purposes with the calculated gross load when 500 boxes are being carried. An opinion is also requested with regard to the suspicion that IRCA management feels that the rate per car loaded with boxes should be higher than now paid for a full-capacity stem loading.

The figure of $40/M boxes for CAG railway costs should be corrected by the Division.

The estimate of $52/M boxes CAG railway cost to Concepcion del Mar should also be corrected on the basis of haulage to a rail yard to be established under the proposed minimum wharf development at Concepcion.

It has been assumed that labor rates at Concepcion will not be governed by prevailing rates at Barrios. I will appreciate your opinion and that of Mr. Delawder as to the correctness of this assumption and, if correct, an idea as to what rate might be expected for stevedoring labor from either Cuicicil or from the Company farm area. This rate will be applied to the manning required for the mechanized operation at Cuicicil. Manning will be supplied by this Office, but the rates for typical categories of labor at Concepcion will be very helpful.

Please note that the assumption has been made that existing CAG motive power and rolling stock will be available for this operation. Please confirm the correctness of this assumption.

PX633
For id.
1404A

Due to the unprotected nature of the proposed facility, it is almost certain, in order to avoid loss of fruit, some method of shipment to an alternative port such as Puerto Barrios or Santo Tomas or Acajutla will be required. A suggestion covering one method of solution of this problem is shown on Page 4 of attachment. Your opinion will be appreciated with regard to this suggestion or any alternate which may occur to you.

The low production from Bananera acreage will still have to be handled out of Puerto Barrios and will probably have an adverse economic affect on this operation. Your opinion on this point with regard to labor and possible increased cost is also requested.

While there is no particular urgency in obtaining the information requested above, I will appreciate receiving it as soon as reasonably possible. As a matter of information, you are receiving copies of letters directed to other interested departments where you will note reference to the confidential nature of any inquiries or studies which are made. Particular emphasis should be placed on this point with regard to inquiries made of the Division.

J. G. Owen

Attachment

cc: Mr. J. M. Fox - w/attachment
Mr. J. A. Marquette - " "
Mr. V. C. Folsom - " "
Mr. J. H. Roddy - " "
Mr. P. H. Smith - " "

PX 633 1405A
for id.

ECONOMIC ANALYSIS
COMPANIA AGRICOLA DE GUATEMALA

The request has been made of this Department that figures be accumulated which can be used in the preparation of a study of the economic feasibility of two alternate methods of acreage development at Tiquisate, Guatemala.

Certain basic assumptions have been made in order to define the limits of this study and are listed below:

ASSUMPTIONS

Production Alternates

Declining Gros Michel acreage from a 1962 producing acreage of 14,200 acres to a predetermined expiration date at the end of 1969.

Sustained production from a 30,000-acre Valery division.

Shipping Methods

All fruit under each of the acreage alternates mentioned above is assumed to be shipped out of a facility to be built at Concepcion del Mar.

Production

Average annual production from Gros Michel acreage has been estimated at 190 stems per acre as shown in attached memorandum of June 6, 1962 to Mr. P. H. Smith.

Annual production at the rate of 275 stems per acre has been assumed for Valery cultivations in accordance with suggestions from the Agricultural Operations Department.

Production Peaks

Because of blow-down and climatic conditions at Tiquisate, it will be noted that weekly shipments specified will show a wide variation from maximum to minimum.

Market Distribution

The assumption is made that market distribution is to remain as at present. This will require the handling of 50% of the Gros Michel alternate production in boxes to the U.S. and 50% in stem form to Europe. The Valery cultivation alternate presumes 100% of fruit as boxed for distribution as required by market conditions.

PX 633
for id. 1406 A

ASSUMPTIONS (cont.)

Product Quality

Under both alternates all boxed fruit is considered as of equal quality to that received from other divisions.

Legal

The assumption is made that governmental approval can be secured for the construction of the proposed minimum facility at Concepcion del Mar. It is my opinion that considerable difficulty may be expected on this point.

RAILROAD HAUL

The item of rail transportation cost, naturally, has been considerably emphasized and rightly so. Using a loading factor of 500 - 48# gross weight boxes per car, the IRCA cost of transportation amounts to $260/M boxes. To this figure must be added CAG railway costs which approximate $40/M boxes, giving a total of $300/M boxes.

Naturally, if all CAG fruit is to be hauled to the proposed yards at Concepcion del Mar, this figure will be radically reduced. It is estimated that the cost under this condition would not exceed $52/M boxes for railway transportation. It is presumed that CAG motive power and rolling stock now operated by the IRCA would be available for this purpose, but this point should be investigated. For the declining acreage alternate, 4 locomotives and 220 fruit cars would be adequate if a 2-day loading of 90,000 boxes is used as a design basis. The full division alternate for 30,000 acres of Valery is estimated to require a maximum of 6 locomotives and 300 cars.

The possibility should be investigated that IRCA freight rates may increase at termination of the existing contract. It is suspected that IRCA management feel that the tonnage rate for boxes has increased somewhat radically and that a compensatory increase in car rates should be considered. According to rough figures made up in this Office, the present gross load of a typical car with stem fruit is 22.16 tons, while a car loaded with 500 boxes will gross 23.56 tons or only 6.3% more.

WHARF - CONSTRUCTION, MAINTENANCE AND OPERATION

Using a preliminary estimate of $2,650,000 total cost for the proposed loading facility, depreciation without interest over a 6-year period would amount to $261.75/M boxes and $366.42/M stems which is extremely high, but predictable when consideration is

PX633 Exh. 1407A

WHARF - CONSTRUCTION, MAINTENANCE AND OPERATION (cont.)

given to the fact that only 5,062 M boxes and 3,616 M stems are estimated as being shipped over life of the declining acreage. When a 25-year life is assigned, however, along with sustained production from Valery acreage, the depreciation rate without interest reduces to $8.57/M boxes for a period production of 309,375 M boxes.

Using a 2½% maintenance figure or $66,250 per year, the cost would be $39.26/M boxes and $54.96/M stems for the declining acreage alternate and $5.35/M boxes for the 30,000-acre Valery alternate.

Banana loading expense at Concepcion should be considerably lower than at Puerto Barrios because of mechanization and predicted labor rates.

SHIPPING AND DISTRIBUTION REQUIREMENTS

It is suggested that the Steamship Department be requested to analyze ship-time requirements under the revised conditions which will prevail upon commencing loading operations out of Concepcion. Fruit Dispatch, naturally, also will be involved to a certain degree because of the distribution problems to be encountered.

Present production out of Barrios to New Orleans would probably require only one ship on a weekly turn-around basis, while the number of boxes shipped from Concepcion to the U.S. West Coast will almost certainly require a greater amount of ship time under either acreage alternate.

Gulf ports requirements would have to be met (at present) out of Golfito or Armuelles, or even from Concepcion, which, in turn, would require rescheduling of ships and the use of two ships rather than one.

MISCELLANEOUS

It is felt that a minimum delay prediction should be made covering two days of delay three times annually. The impact of these delays on market and steamship schedules and cost should be studied.

In addition to the above, a further prediction should be made that, at very least, weather conditions will require the complete cancellation of a shipment once per year. The cost of this omission to the Division, to the U.S. market, and to the Steamship Department should be carefully analyzed. The first item, Division losses, may be reduced somewhat if an arragnement can be made with the IRCA to

PX633
for id. 1408A

MISCELLANEOUS (cont.)

handle an occasional emergency shipment when necessity dictates. This would require a stand-by pool of motive power and rolling stock which has not been estimated, but which would be extremely expensive and awkward to handle.

Attachments

Engineering Dept.
Boston, Mass.
July 2, 1962

PX 633
For ID
1409 A

PRODUCTION ESTIMATE
BASIS 1964 AS FIRST YEAR OF OPERATION

Declining Acreage (Refer letter June 6, 1962 attached)

Year	M Boxes	M Boxes Per Week	Maximum Week	Minimum Week	M Stems	M Stems Per Week	Maximum Week	Minimum Week
1964	1427.9	27.5	42.6	17.9	1019.9	19.6	26.5	14.7
1965	1195.1	23.0	35.7	15.0	853.6	16.4	22.1	12.3
1966	970.3	18.7	29.0	12.2	693.1	13.3	18.0	10.0
1967	596.3	11.5	17.8	7.5	425.9	8.2	11.1	6.2
1968	485.8	9.3	14.4	6.0	347.0	6.7	9.0	5.0
1969	386.5	7.4	11.5	4.8	276.1	5.3	7.2	4.0
Project Totals	5061.9				3615.6			

Valery 30,000 Acres

Yearly	12375.0	238.0	321.3	178.5

Note:

	Percentages of Average	
	Declining	Valery
Maximum	155%	135%
Minimum	65%	75%

Engineering Dept.
Boston, Mass.
July 2, 1962

PX 798
for id.
1/24/1

1410A

125-27
Guatemala
Tiquisate -
Concession dd/mar subj file

Boston, Massachusetts
May 10, 1963

BOSTON

Mr. J. A. Marquette

Pursuant to your instructions we have reviewed the transportation aspects of moving Tiquisate fruit by road to the port of Acajulta, El Salvador, and there loading to a steamer for discharge at a port in the United States.

The highway distance between Tiquisate and Acajulta is approximately 150 miles. Our best information indicates that, except for the gravel surfaced portion from Tiquisate out to the Pacific Highway, the road consists of two lanes of well paved highway the entire distance to Acajulta. We have indications that at Acajulta there is ample water-front land area which is both available and suitable for the construction of a refrigerated warehouse in which to accumulate boxed fruit pending the arrival of a vessel. It is our understanding that there is a plentiful supply of fresh water and river water available for cooling purposes. Abundant electric power is said to be available.

For the dependability required in our fruit trade, we believe that it would be necessary to make an arrangement whereby one of the inside berths at the new facility at Acajulta would be made available to us at the time of the arrival of a fruit vessel. Our file reflects very limited experience with the outside berths which are exposed to the open sea; however, it is indicated that serious difficulty should be anticipated at the outside berths when sea and/or wind conditions become boisterous. In the course of a recent inquiry into this subject, the Production Department received indications that an outside berth could be made preferentially available for banana loadings if we would undertake to finance the installation of a system of mooring buoys estimated to cost approximately $100,000. The report of this recent inquiry includes the answers to many questions upon which we could only have speculated; however, the basic question to which the inquiry addressed itself concerns the cost of moving Tiquisate production to Acajulta only during the next five years which is assumed to be the remaining productive period of this division.

PX 798
for id. 1411-A

We understand that as an alternative to closing the division consideration has been given to increasing the acreage under cultivation at Tiquisate to 30,000 acres. We further understand that this consideration has been made with a view to converting the division to Valery production. Estimating from figures available to us, this division might produce in the neighborhood of 8,000,000 stems per year. Assuming that this fruit were to be 100 per cent boxed, we might expect seasonal variations to result in a range of perhaps 150,000 to better than 350,000 boxes per week. Obviously, if anything should come of this alternative proposal, we would be speaking of several ships per week loading at Acajulta.

At this juncture we believe that it would be appropriate to review some of the factors which must be taken into account in planning any major change in our over-all transportation picture. The recent report on this subject mentioned above condemns the Acajulta proposal on the basis of land transportation costs as compared to land transportation costs to Puerto Barrios. Beyond this we must consider ocean transportation.

For many years our market requirements on the West coast of the United States have remained at approximately 20 per cent of our total U. S. and Canada volume; the remaining 80 per cent have been imported through ports on the Gulf of Mexico and East coast of the United States. During 1950, approximately 55 per cent of the bananas which we marketed in the United States and Canada were loaded to vessels in the Caribbean; the remaining 45 per cent of our United States and Canada cargoes were loaded at ports in the Pacific Ocean. During 1960, only 35 per cent of our United States and Canada importations were loaded in the Caribbean and 65 per cent were loaded in the Pacific. Our figures for 1963 indicate that this imbalance has become even more unfavorable; approximately 20 per cent of our U. S. and Canada production is in the Caribbean, 80 per cent in the Pacific.

During recent months we have looked forward to new production on the North coast of Colombia as a means of reducing transportation expense. Such production will tend to correct the imbalance in our present picture by increasing Caribbean loadings, thereby shortening sea distances and eliminating Panama Canal tolls. However, if we should ship the production of an expanded Tiquisate division through Acajulta, that action would probably more than offset any correction available at Turbo and greatly increase our ocean transportation costs over what they would be if Tiquisate production were moved through Puerto Barrios. The proposal to move Tiquisate fruit through Acajulta, in addition to increased

PX 798
for id. 1412A

land transportation cost, carries with it a penalty of approximately 1,200 miles of additional ocean steaming plus $3.00 per ton Panama Canal tolls to deliver fruit cargoes to United States Gulf or East coast ports.

If an expanded Tiquisate division were to become the source of fruit cargoes for ports and markets on the West coast of the United States, the above penalty distances would be modified to some extent. It should be noted that the total production volume of such a division, as estimated above, would be in excess of what has been absorbed in West coast markets in recent years. Therefore, we must assume that if all of this production were to move through Acajulta much of it would move through the Panama Canal. Furthermore, any volume of fruit shipped from Tiquisate through Acajulta to the West Coast of the United States, unless it were accompanied by an equivalent reduction in the production at our present West coast of Central America divisions, would, in effect, require that an equal volume of Golfito or Armuelles fruit be moved through the Panama Canal to U. S. Gulf Coast and East coast ports. With respect to that volume of fruit, the penalty in terms of extra ocean transportation distance would be about 700 miles to U. S. Gulf and East coast ports. To the cost of this must be added $3.00 per ton for Panama Canal tolls.

It will be noted in the case of Tiquisate production shipped to the West coast of the United States that the additional ocean transportation requirement is somewhat less than the penalty for moving that fruit through Acajulta to the United States Gulf Coast and East coast ports. In terms of dollars, we may estimate upon our rule of thumb figures of 1¢ per ton mile, that this penalty for additional sea miles amounts to about $7.00 per ton. To this we must add the $3.00 per ton Panama Canal toll penalty. For the balance of the Tiquisate production which would move through Acajulta to the U. S. Gulf and East coast the additional ocean cost would be $12.00 per ton plus $3.00 for tolls.

It is our understanding that the current IRCA rail rates amount to approximately $11.00 per ton for the trans-isthmian rail delivery to Puerto Barrios. With respect to the cost of over-the-road transportation by truck to Acajulta, the recent report by the Production Department indicates an increase over the above IRCA rate of about $1.50 per ton. To this must be added the capital and operating costs required to provide and maintain a warehouse at Acajulta wherein to accumulate approximately 50,000 boxes of fruit or approximately one half of a large cargo. Available figures indicate that, based on a 20-year life of the facility and the production of

PX 798 for id. 1413A

an expanded Tiquisate division, this cost will be approximately 25¢ a ton.

There is the further cost item of handling expense at Acajulta to cover the passing of approximately one half of the total volume through the warehouse. We have an indication that this cost would amount to approximately $3.65 per ton. If we assume that handling costs for the other half of the cargo, that which would be delivered by truck directly to ship side, would amount to one third of the "through warehouse to ship side" cost we could expect an average handling cost of $2.43 per ton. Stevedoring would cost $.72 per ton. The total stevedoring and handling cost would therefore be $3.15 per ton. We understand that the cost of these items at Barrios amounts to $2.50 per ton.

Summarizing the above costs, we have the following:

Minimum Additional Ocean Transportation	$10.00 per Ton
Additional Land Transportation	1.50 per Ton
Warehouse - Operation & Maintenance	.25 per Ton
Additional Stevedoring & Handling	.65 per Ton
Total Additional Cost	$12.40 per Ton

It should be noted particularly that the above additional costs are the amount by which transportation costs via Acajulta will exceed transportation cost via Puerto Barrios.

The above land transportation costs to Acajulta reflect a rate of $12.50 per ton which is the rate quoted by trucking companies which have been requested to indicate their charges for the service. It might be argued that we could perform this service ourselves at a lower cost. If we assume that we could save as much as one third of the rate offered by the trucking companies, the penalty in terms of total transportation cost to ship through Acajulta would exceed $8.00 per ton compared with costs through Puerto Barrios.

From all of the foregoing it is obvious that insofar as transportation economics are concerned there is no case to be made for the shipment of Tiquisate production through Acajulta.

In the course of developing the above information, we had occasion to review the annual report of the International Railways of Central America for 1962. It is noted that the

PX 798
for id.

1414A

management of that railroad has reported a net loss from operations during each of the last four years. These are the only years in which such a loss is reported since 1912. The loss for 1962 operations is shown to be $1,214,000 and is largely attributable to reduction in operating revenues. The management of the IRCA states that during 1962 freight revenue for exported bananas decreased by $1,222,905. The 1962 reduction is attributed to the effects of a hurricane on the West coast during 1961 which brought about the complete withdrawal of the Standard Fruit Company and very substantial reductions in the banana shipments of the Compania Agricola de Guatemala.

In view of the present serious difficulties in which the IRCA finds itself and in view of our concern to find a means of lowering transportation costs associated with the Tiquisate division and in view of our inquiry into the advisability of possibly expanding the operations at Tiquisate, it occurs to us that we might find a favorable climate in which to negotiate an agreement with the IRCA which would make it possible for us to further our plans with hope of reasonable return and at the same time offer to the IRCA 20,000 to 25,000 banana car loadings per annum.

If we may judge by the language of the annual report of the IRCA, an offering of a volume of business such as that should be attractive to the management of the railroad and should be one which would provide the IRCA with the opportunity to more than recoup the recent losses in revenue at rates substantially below current levels.

CCH/pc

PX 799
for id.
1415A

Boston, Massachusetts
May 10, 1963

File No. 125-27

MEMORANDUM FOR FILE

In reviewing our several files which pertain to Guatemala we have noted, with respect to the future of the Tiquisate Division, that consideration has been given to:

1. Gradually phasing out the currently producing 14,000 acres over a period of about 5 years with a view to completely shutting down at the end of that time, or

2. In view of the fact that, with the exception of wind conditions, the Tiquisate area is considered to have excellent banana producing capability, the growing of Valery bananas and the eventual expansion of the cultivation to a total of 30,000 acres.

Nowhere in the review of our files have we found that any consideration has been given to the seasonableness of Guatemalan-Pacific coast fruit. We understand that Ecuador fruit is at its best quality during the Northern Hemisphere winter months; that our Central American fruit from Costa Rica and Panama (and, in the future, Colombian fruit from Turbo) is at its best insofar as quality and quantity is concerned during the late winter and spring months; that our Guatemala, Honduras and Dominican Republic fruit flourishes during the late spring and summer months.

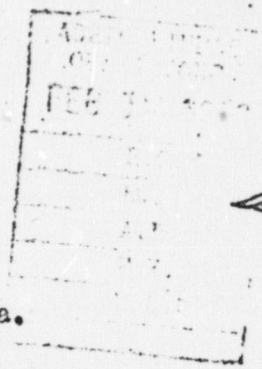
Bearing in mind that, historically, our volume has been at somewhat of an ebb during the summer months, possibly due to reduced market demand, we believe that any early conversion of a banana producing division to Valery fruit should be based upon the results of an analysis which will take into consideration not only the factors of additional capital investment required per acre, chances of such production surviving wind damage, unit production cost and transportation costs but also should reflect an estimate of the probability of successfully marketing the volume anticipated to result from such expansion. This is to say, in short, that if our supply of Valery root stock is limited, we should select the site of its planting to the end that it will bear fruit at a time of year when we will have the best opportunity to realize maximum benefit.

CCM/pc

PX 817
SCB for id.

1446A

COMPAÑIA AGRICOLA DE GUATEMALA



Bananera, Guatemala
February 6, 1962

Return

Ref 2/12-2/13
2/14

Mr. R. A. Holcombe
Puerto Armuelles, Panama.

Dear Mr. Holcombe:

Enclosed is an estimate of cost to provide fruit boxing stations for the 14,201 acres of bananas in production on the West Coast of Guatemala.

The total estimate of $158,200 for the 20 stations represents an investment of approximately $11.15 per acre. Furthermore, this sum is about equal to the estimated cost of a single line automatic plant described at the recent Manager's meeting which would serve only 2,000 acres.

While some loss of quality control might occur with the small stations compared to the large control stations, I cannot recommend any other procedure until the future of Tiquisate is determined. If we should eventually decide to increase production on the West Coast, it will be several years before this could become a reality and the loss at that time of $11.00 per acre investment for the small stations will be a negligible item. In the meantime, the economics and operation of the central boxing plants can be proven in other divisions.

Very truly yours,

C. E. DeLawder

C. E. DeLawder

Enclosure

Copy to: Mr. R. O. Miller
Mr. J. G. Owen
Mr. P. H. Smith
Mr. C. E. DeLawder - Tiquisate

PX 878 for id. 1417A 3649

MEMORANDUM

November 5, 1962

Mr. A. E. Carpenter:

With reference to the attached memorandums concerning the duration of the I.R.C.A. contracts in Guatemala, Mr. Howard has advised me that they have received a preliminary opinion from Davis Polk as follows.

The feeling is that the basic contract for Guatemala East extends until 1983 and requires us to ship fruit grown on lands acquired from I.R.C.A. over railroad. There are a total of some 32,000 acres in this category of which some 5,400 are presently in bananas. There remains, however, a question as to when the rates for such services might be subject to renegotiation.

As to Tiquisate, it remains the opinion of the lawyers that we need not ship bananas over the railroad after the current year. However, if we do so, the rates must be those stipulated in the Ripley Judgment until the last of the contracts between C.A.G. and I.R.C.A. expires. This would be the Trackage Agreement which terminates in 1968.

The Ripley Agreement, of course, states that we must pay the public tariff rate. There is no such tariff rate for boxed fruit and our people have been trying to arrange one with I.R.C.A. This, of course, means that I.R.C.A. could change their public tariff at any time during the period to 1968. The situation is further complicated because we are now the only banana shipper from the West Coast.

WBM

(2) 3/c
PX 951
for 12.

1418A

Boston, September 15, 1964

Mr. J. M. Fox
Boston

It is our recommendation that we continue to hold the Corinto contract for several reasons -

1. If held by outside interests, the fruit would undoubtedly end up on the West Coast where last year it had a serious impact on our own fruit and, at that time when Corinto was in our hands, we were able to minimize the effect of this impact on our fruit.

2. Early Corinto decisions to leave fruit behind may have been made, but this was prior to the use of cost information as a factor. We are now using cost information regularly and making these type decisions - as an example, our early summer Guayaquil discontinuance decision.

3. Based on No. 2 above, our out-of-pocket cost for Corinto is $2.66. It appears unlikely that any average we may receive for Corinto in the next year or so would be less than $2.66. In the eight months of 1964, we averaged $3.26 and imported 576,266 boxes which, with the 60¢ differential over out-of-pocket expenses, Corinto made a contribution of $345,760 to overhead. It is true that our total cost is reported to be $3.38 which should show a book loss of $69,152, but I am sure no one will overlook the $345,760 contribution to overhead.

4. I believe the most compelling reason of all to be the fact that Corinto fruit, under our control, can be put in markets where it is least likely to hurt. The use of Corinto on the West Coast resulted in a serious situation, and eventually it became so obvious that we would be better off putting the fruit elsewhere that the proper decision was made. This again was done with due regard to proper cost considerations - but not in time.

4/6 PX951 for 12 1419A

5. One thought occurred to me after we were discussing Corinto that the future of Corinto may fit into spin-off negotiations and may be able to make a valuable contribution along these lines.

We have gone back to ascertain why, during 1964, 53,000 boxes were left behind. On January 2 and 3, 25,552 boxes were left behind - and on January 9 and 10, 27,729 were left behind. On both occasions, the fruit involved was specials, and at the time the fruit was destined for the West Coast the decision to leave it behind was made to alleviate the disastrous consequences of this fruit competing with ours in that particular market. Not too long after this the fruit was re-routed to other divisions and the performance has been satisfactory.

I would also like to point out that, since Infonac has been doing its own quality control work, the fruit has had a good record of performance according to specifications - both in the first class and the specials. For the past several months, there is no question in my mind that the first class fruit should have been branded, and I would like to point out that the quality scores received for Corinto for the past several months have exceeded the quality scores received for some of our regular producing divisions.

I have discussed this recommendation with Bill Hoelle on the phone, and he concurs.

V. J. Hewitt

cc: Mr. W. J. Hoelle

PX977
for id. 1420A

1192-A

From the desk of
ALBERT E. CARPENTER

REDUCTION OF COST OF
RAIL FREIGHT FOR
GUATEMALA FRUIT
SHIPPED IN BOXES
VS CRATES

1963	422 000
1964	345. 300
1965	230, 100.
1966	115. 100
	1 112. 500

PX 977 for I.D. 1421 A

COMPARISON OF COST OF SHIPPING STEM BANANAS
VS. BOXED BANANAS OVER RAIL FROM TIQUISATE TO BARRIOS

	STEM BANANAS	BOXED BANANAS	SAVING BOXED OVER STEM BANANAS
1963			
Stems or Boxes Available for shipment	2200000	3057762 (1)	
Stems or Boxes Per Car	235 (2)	500 (3)	
Number of Cars	9362	6111	3246
Rate per Car	$130	$130	
Total Cost	$1217100	$795100	$422000
1964			
Stems or Boxes Available for shipment	1800000	2501805 (1)	
Stems or Boxes Per Car	235 (2)	500 (3)	
Number of Cars	7660	5004	2656
Rate per Car	$130	$130	
Total Cost	$995800	$650500	$345300
1965			
Stems or Boxes Available for shipment	1200000	1677870 (1)	
Stems or Boxes Per Car	235 (2)	500 (3)	
Number of Cars	5101	3335	1770
Rate per Car	$130	$130	
Total Cost	$663800	$433750	$230100
1966			
Stems or Boxes Available for shipment	600000	833935 (1)	
Stems or Boxes Per Car	235 (2)	500 (3)	
Number of Cars	2553	1668	885
Rate per Car	$130	$130	
Total Cost	$331900	$216800	$115100
Total - All Years			
Stems or Boxes Available for shipment	5800000	8061372 (1)	
Stems or Boxes Per Car	235 (2)	500 (3)	
Number of Cars	24681	16124	8557
Rate per Car	$130	$130	
Total Cost	$3208100	$2096100	$1112500

(1) Assumes 85% packout of stem fruit per box.
(2) Assumes pounds per stem of 77
(3) Assumes pounds per box of 47

BALL PARK guess

1963

2,200,000 Stems

J.O.B Cost 4.40 cut

(JRCA Stems Frt 180001 130 .72

Boxes 24000 | 130 .54

J.O.B 4.40

other chgs 1.83

Landed Cost #6.23

Est Sales Price 5.00

Loss 1.23

2,200,000 @ 79 lbs

1,738,000,000 lbs.

Loss #2,137,000.

25% 2.90

75% 3.40

AV 3.20

Cut 8.00

2,437,000

952000

1,180,000

Padding
Cleaning RR Cars
cutting packing for RR Cars
washing etc etc

464
75 | 348
12
480
450
300

490
460
26

overall shrink (Includes overload)

J.O.B 4.40
less misc Sav -.20
less JRCA -.72
75 2.48 4.64

Cost of Fruit 4.64
Packing Cost 1.50
JRCA .54
6.68

55 Frt selling Hdg Per Hdg 2.05

8.73
8.00
.73 Loss

Landed Cost
Est Selling Price

1,738,000,000 lbs less 25% (434,500,000)
= 1,303,500,000

Loss 1,303,500,000 x .73 = #951,600.

PK 917
Sept 2, 1964
NOTES

3.20 Per Pot

PX 1095
for id. 1423A

September 10, 1962

Dr. Joseph S. D'Antoni
Standard Fruit and Steamship Company
944 St. Charles Avenue
New Orleans, Louisiana

Dear Dr. D'Antoni:

Thank you very much for your very kind letter of September 6. I am glad that you were pleased with the courtesies extended by our people in the Tropics, and I hope they were able to show you the various things you were interested in seeing.

I share your view that it would be useful and pleasant to have a discussion about the future of the banana business and I will try to call you the next time I am anywhere near New Orleans. If you are in the Boston area, please let me know as I would be very pleased to act as host in this area.

Sincerely yours,

Thomas E. Sunderland

TES/eb

PX 1096 for 12 - 1424A

05.5.1.

STANDARD FRUIT AND STEAMSHIP COMPANY

GENERAL OFFICES
944 ST CHARLES AVENUE
NEW ORLEANS

EASTERN OFFICES
PIER 13, EAST RIVER
NEW YORK

OFFICE OF THE
PRESIDENT

6 September 1962

Mr. Thomas E. Sunderland, President
United Fruit Company
30 St. James Street
Boston 16, Massachusetts

arrived 9-10-62

Dear Mr. Sunderland,

For the greater part of the past two months I have been in the tropics, hence my delay in writing to personally thank you for the courtesies extended me and my people by your personnel there.

First was the trip to Golfito, one of your many divisions which I had never seen. Although our trip was very short, Mr. Block and his associates arranged that we saw as much as possible of your farms, boxing plants and terminal facilities in the limited time available.

Then in Honduras I brought two Texas cattle men over to see your Santa Gertrudis herd, as well as your Cebu herd at Monacal. Messrs. Chappel, Hussey and Davis spent the entire day with us and left no stone unturned in order to show us the whole operation. The Texans were highly complimentary about everything they saw and especially of the caliber of men you have running this operation. We are in the process of negotiating with the people these cattle men represent to upgrade our own Honduras herd on the north coast.

Just before I left Honduras, one of your research men from La Lima was scheduled to come over and spend several days on Sigatoka control. It appears that we have been fortunate in maintaining a minimum amount of gallons per acre in our Honduras and Costa Rica divisions, and you have not been so fortunate - whether it is the variety, population, or spraying equipment, I do not know, but I sincerely hope that the answers can be found.

PX 1096 for id. PX 1424 A-1

Almost two years have passed since I last saw you; I hope our visits in the future will not be so far apart, because I have always felt that frank discussions of the many problems that confront our companies help us both to accomplish more. Put simply, I feel that our business is the roughest that exists, and knowing the general direction that your competitor is taking at least alleviates one of the many headaches we encounter in our day-to-day operations.

Sincerely,

Joe.

jsd/ls

Joseph S. D'Antoni, M. D.

PX 1104
for id: 1425A

P-5.5.1
x P-4-20
x P.0.2.2-210

February 7, 1961

Dr. Joseph S. D'Antoni
President
Standard Fruit and Steamship Company
944 St. Charles Avenue
New Orleans, Louisiana

Dear Dr. D'Antoni:

Just a brief note to tell you how much I enjoyed our talk in New Orleans and how I appreciate the efforts of your Mr. Moore to reduce my telephone conversation with him to a brief statement of the position of this Company with regard to the proposed trade association.

Next time you are in the east I hope you will let me know as I would like to return the courtesies which you extended to me in New Orleans.

Sincerely yours,

Thomas E. Sunderland

TES:MEC

1426A

PX 1437
For id.

P-1.4.3

Sears, Roebuck and Co.
Southwestern Territory Executive Offices
Dallas, Texas

CHARLES A. MEYER
VICE PRESIDENT

Personal and Confidential

May 2, 1961

Mr. Thomas F. Sunderland
United Fruit Company
30 St. James Avenue
Boston 16, Massachusetts

Dear Tom:

I appreciate your thoughtfulness in writing each of us in appreciation for whatever small support we have been able to give you.

As we discussed briefly at Bob Lehman's apartment, I feel strongly that under your leadership the Company can assume an aggressive posture despite the federal government, and I think the outside directors agree. This aggressive posture would include the International Railways and any other property of the Company, provided always that such posture is not in conflict with existing laws or decrees. I do not believe that we should flaunt our independence in the face of governmental authority, but I do strongly believe we should run our business with the best intelligence at our command, rather than defensively.

I won't be able to get on to the May meeting, as I will be traveling in Colorado and Wyoming.

Therefore, my very best until I see you next,

Charles A. Meyer

pm

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for id.

Notes on the Meeting
of the
Management Committee for Planning and Development

August 4th, 1959
9:30 a.m.

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Boston

The following members and alternates were present:

Mr. L. S. Sisto, Chairman	Mr. S. G. Baggett
Mr. A. L. Bump	Mr. J. K. Simms
Mr. J. E. Kansas	Mr. R. O. Miller
Dr. J. E. Hobson	Mr. J. A. Marquetto
Mr. J. H. Roddy	Mr. E. Y. Jones

Also present were Messrs. Rowe and Moore, Secretary.

REPORT OF ACTION TAKEN ON RECOMMENDATIONS MADE AT THE JUNE 9th-10th MEETING

The Secretary and others informed the members of the following actions taken with respect to previous recommendations:

1. Accelerated depreciation on Bordeaux spray systems was deferred during the current year as recommended.

2. The Fruit Dispatch advertising campaign was curtailed as recommended.

3. Rather than appoint a team to visit each tropical division with the objective of reducing over-all costs, Messrs. Redmond and Bump met on successive weeks in Miami with Managers of tropical divisions, explaining to them the necessity for all possible cost reductions.

4. Rather than organize a committee to investigate all domestic and headquarters operations with the objective of making maximum cost reductions, Mr. Sisto wrote under date of June 26th to Department Heads at the Boston Office requesting that they meet with him at their convenience to discuss cost reductions. Little has yet been accomplished; however, this matter will be vigorously pursued. Cost reduction at other domestic points has been left in the hands of responsible department heads.

5. The President approved the recommendation that no additional capital expenditures for expansion or extension of facilities shall be made in high-cost divisions until such time as the Research Department confirms that good quality fruit can be produced.

REPORT ON PROGRESS OF RETRENCHMENT PROGRAM

A. Tropical Divisions

Mr. Bump referred to his and Mr. Redmond's Miami visits with the Managers and indicated that all Managers understand the situation and that the instructions and suggestions made were well received. It was pointed

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Mr. Block is very much disturbed with the results thus far obtained from oil spray, even in areas where improved techniques have been used.

The Armuelles Division is continuing to effect economies.

A favorable three-year labor contract has just been signed in Ecuador, and every attempt is being made to obtain better quality fruit with a larger proportion from the Bolivar area.

In Colombia, the Company is continuing to release employees. It is believed that undertree irrigation will be beneficial in that country in improving quality and reducing blowdowns. The cost of undertree irrigation installation is estimated at $250 per acre.

In the Dominican Republic, two high-cost Company farms may be eliminated. It is suggested that on account of the crop pruning procedure, the Dominican Republic would be well adapted for the planting of Cocos due to the fact that this variety produces better and heavier plantilla fruit.

The Costa Rica legislature has approved the payment of the so-called "thirteenth month". As written, the law appears to be discriminatory. It is hoped that the President will veto this measure which may well be unconstitutional.

Mr. Sisto, referring to the conversion of the Honduras Division to a purchased-fruit basis, suggested the possibility of using a sliding scale similar to that once in effect in Colombia. He expressed the opinion that we may be paying too much in Colombia and perhaps elsewhere at the present time. Mr. Bump will study the feasibility of adopting some sort of sliding scale where applicable.

In referring to the I.R.C.A. decision, Mr. Sisto indicated that as of the end of June, unless the court later upsets the decision, the cost to the Company will be about $2,000,000. He suggested that we should be doing whatever possible to reduce our dependence upon this railway. He pointed out that the Railway is charging us (however, we are not paying) $130 per car under the court decision. If such a charge is to be made, the Railway should provide our Company with the same services as they provide for others. Also we should increase our equipment rental charge. He suggested the possibility of cancelling the I.R.C.A. contracts. It was Mr. Jones' opinion that the lawyers must indicate what action can properly be taken. Mr. Sisto pointed out and Mr. Baggett confirmed that the present situation with respect to the suit involves only the determination of points of law; therefore, there is no question with respect to facts, and the Company should be able to take whatever steps it feels are legally justified since such action could not influence the outcome of the suit. A discussion ensued as to the possibility of trucking fruit to port and the loading problems incident thereto. Mr. Sisto suggested that perhaps, unless the situation could be rectified, banana shipments from the Tiquisate area should be stopped and the land used for other purposes. Mr. Rowe suggested the possibility of selling Tiquisate fruit or the entire installation to Standard Fruit Company. Mr. Sisto mentioned the possibility of using the Tiquisate Division to satisfy in part the Consent Decree.

B. Domestic Divisions

Mr. Marquette reported the following estimated annual savings: